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MONTHLY REVIEW

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AN INDEPENDENT SOCIALIST MAGAZINE

PAUL M. SWEEZY AT 90

A CELEBRATION

Ricardo Alarcon, Samir Amin, Nicholas Baran, Rosalyn Fraad Baxandall, Grace Lee Boggs, Anne Braden, Paul Buhle, Pablo Gonzalez Casanova, Noam Chomsky, Doug Dowd, Richard DuBoff, Barbara Ehrenreich, Bill Fletcher, Jr., John Bellamy Foster, Andre Gunder Frank, John Kenneth Galbraith, Martha Gimenez, Joan Greenbaum, Robert Heilbroner, Edward Herman, Michael Löwy, Harry Magdoff, István Mészáros, Leo Panitch, Frances Fox Piven, Robert Pollin, Lukin Robinson, Annette Rubenstein, Pete Seeger, John J. Simon, Daniel Singer, William Tabb, Shigeto Tsuru

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With this issue, Ellen Meiksins Wood is no longer a co-editor of *Monthly Review*. We are deeply appreciative of the many important contributions she made during the three years she served as co-editor. In addition, we are personally indebted to her for carrying the whole load of editing the magazine on a number of occasions.

—Paul M. Sweezy and Harry Magdoff

NOTES FROM AN EDITOR

This space has, from its earliest years, been devoted to MR affairs, viewing the readers as part of a larger family. Recently, we began to use the space for commentary on political and economic developments also. The occasion of Paul's 90th on April 10, however, calls for something very different. If you guess that this will be a love letter, you are not mistaken. I have long wanted to express publicly my feelings about Paul. A review of his contributions to knowledge and theoretical analysis about capitalism and socialism would require a long essay. I prefer to say a few words about him as my friend and comrade.

Our friendship grew slowly, but it kept on growing and intensifying as we gathered with mutual friends to discuss MR articles and policies. There were also meetings on practical management problems. The blossoming friendship, however, did not diminish my astonishment when, shortly after Leo Huberman died, Paul asked me to become co-editor. His invitation was, of course, intriguing. But it also disturbed me. I had spent years struggling

(continued on inside back cover)

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Monopoly Capital at the Turn of the Millennium

by John Bellamy Foster

This article is dedicated to Paul Sweezy on his 90th birthday. It is also meant as a personal expression of my conviction that *Monopoly Capital* (1966) by Paul Baran and Paul Sweezy, which provided a rich analysis of capital accumulation and crisis rooted in insights from Marx, Keynes, Kalecki, and Schumpeter, is still the most useful starting point from which to view the historical evolution of the United States and other advanced capitalist economies. My intention in this article is to use that general analysis to comment on some of the central empirical developments within the economy in our time—in a new millennium and under conditions of the globalization of monopoly capital.

Economic analysts, as everyone knows, have widely differing views on the way the economy works. The single most important division lies between right and left—a division that has its roots in class. But even among those on the left there are areas of sharp disagreement. One of these is over the centrality of the Keynesian revolution to the development of economics. Did the revolution in economic thought, associated with thinkers such as Keynes and

John Bellamy Foster is co-editor, along with Robert McChesney, of this issue of *Monthly Review*. His forthcoming book is *Marx's Ecology: Materialism and Nature* (New York: Monthly Review Press, 2000); he is also the author of *The Vulnerable Planet* (MRP, 1999).

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Kalecki, teach things that Marxist political economists should view as essential? Another disagreement is over the role of monopoly and competition. How central is the concentration and centralization of capital to our understanding of the workings of capitalism today—a full century after Marxists and other radicals first raised the question of monopoly capitalism? Whatever one's abstract theory is—and all theories by definition rely on a degree of abstraction—its usefulness lies in its capacity to make sense of everyday reality, while providing the strategic analysis necessary for practical revolutionary solutions.

Throughout its history, *MR* has advanced a theoretical view known as monopoly capital or stagnation theory. This perspective, outlined in Baran and Sweezy's *Monopoly Capital*, argued that Marx's "law of the tendency of the rate of profit to fall" was no longer directly applicable to the monopoly capitalist economy that emerged at the beginning of the twentieth century, and had to be replaced by a "law of the tendency of surplus to rise"—where surplus was defined as the difference between the wages of production workers and total value added. A key contradiction of capitalism in its monopoly stage is therefore that of rising surplus and the associated problems of surplus absorption.[1]

Rising surplus and the accumulation of a mountain of surplus means that capitalist firms are faced with the problem of how to employ all of it, i.e., how to use the piled-up cash to make more profit. True, capitalists can use or waste some of this surplus for personal pleasure. But that is peanuts compared to the size of the growing surplus. So the problem remains one of how to absorb all of the surplus actually and potentially available. Generally, the answer is sought in new investment, but that expansion of capital comes up against consumption limits imposed by the distribution of income: who will buy the increased volume of output? New epoch-making innovations—resembling the steam engine, the railroad, and the automobile in the overall effect on accumulation—could conceivably provide sufficient profitable investment outlets, but such epoch-making innovations are *historical* rather than *economic* factors that cannot be counted on to appear when needed or on the scale necessary in terms of surplus absorption. Even the astounding new field of computer/digital technology has

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so far absorbed only a small part of the massive economic surplus hanging over the economy. Foreign investment, which once provided an outlet for surplus, has become an efficient device for the transfer of surplus from the periphery to the core of the capitalist system, thereby further compounding the problem. All of this means that the system has a powerful tendency towards stagnation, arising from an inability to find outlets for all of the surplus actually and potentially generated at the level of production—a problem partly (but only partly) compensated for by the rise of various countervailing factors, such as the growing sales effort, military spending, and financial expansion.

Like all theoretical perspectives this one has to be put to the harsh test of reality, and modified where necessary to explain changing historical conditions. In what follows, I will attempt to show concretely, by focusing on current historical developments, why I believe this general approach is vital to the explanation of economic conditions today—at the beginning of a new millennium.

The Party

The first thing one notes, in turning to those accounts that dominate today's business news, is that corporations are awash in rising profits. In the final months of 1999, the business press was euphoric as it became clear that "the party"—referring to the current period of extraordinarily high profits—would continue past the millennial turning point into the year 2000. In its quarterly profits scoreboard in mid-August, *Business Week* declared that "Corporate America's profits are cruising at warp speed .... Profits for the 900 companies on *Business Week*'s Corporate Scoreboard rose a merry 28% during this year's second quarter, the best performance since 1996's final period." What was fueling the expansion in the late recovery phase of the business cycle, the same magazine had declared two weeks before, was the fact that corporations were awash in cash, with 851 billion dollars in retained earnings. In December 1999, word was out in the business community that the U.S. economy was exiting "the millennium with an unprecedented bang."[2]

Needless to say, the big bash occurring at the economic pinnacle of the society is an exclusive affair. The growth of wealth at the top,

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as *Business Week* told its corporate readers, has been accompanied by a relative decline in income and wealth shares at the bottom—with little in the way of any real income gains among wage earners at present. A Harris poll at the end of 1999 showed that most of the U.S. population believe that they have not benefitted from what is now, according to the National Bureau of Economic Research, the longest business cycle upswing in the nation's history, ongoing since March 1991—hardly a surprising result, with real wages still "barely budging," and only about a fifth of the population owning stock market assets outside of retirement funds. "The biggest fault line," *Business Week* declared in its December 27, 1999 issue,

> ... seems to be between Americans who are getting an extra income boost from the stock market or a dot.com employer, and everybody else. Indeed, the most striking development in the New Economy for many has been the end of the 40-hour week: Americans now log more hours on the job than workers in any other industrialized nation. But growth in real hourly compensation has dropped from a 4.3% annual rate in the third quarter of 1998 to 2.3% this year .... This may explain why 51% of Americans feel cheated by their employer, according to a new study from Opinion Research Corp., International.

Indeed, *Business Week* warned its corporate readers, the 52 percent of the population who, in the same Harris poll, registered sympathy with the protesters in Seattle were responding to real economic grievances, and the protests could soon migrate in a big way from streets to workplaces.

Monopoly Capital and the Tendency of Surplus to Rise

The contradictions of the economy, however, are far more acute than a mere perusal of the business press would lead one to believe, and relate to the entire development of accumulation under monopoly capitalism. One way in which to begin to understand the conditions now confronting the U.S. economy is to look more concretely at the economic surplus being generated by the society.

An item-by-item accounting of total economic surplus, incorporating all of the relevant components from official government estimates of national income and output, is a difficult undertaking which obviously cannot be attempted here. Nevertheless, in a extremely simplified version of such an analysis, corporate profits

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plus depreciation plus net interest can be taken as a *first approximation* of the actual economic surplus—one which, however, leaves out many elements that properly belong to surplus, such as expenditures on marketing, now running at more than one trillion dollars a year.[3] When we look at the trends in economic surplus, measured in this limited way, we discover that the share of surplus in total output is increasing. The average annual percentage of profits plus depreciation plus net interest of corporate business in Gross Domestic Product (GDP) rose from 14.2 percent between 1946 and 1973 to 14.7 percent between 1974 and 1998. Further, corporate profits plus depreciation plus net interest as a percentage of GDP soared to their *highest level ever* in 1997 at 16.6 percent—rising for the first time since the Second World War above 16.1 percent, the level reached in 1929 (the year of the Great Crash), and surpassing the Second World War peak of 16.5 percent in 1942.[4] This strongly suggests that the problem of rising surplus has in no way lessened in recent decades, and remains endemic to monopoly capitalism as it enters the new millennium.

The strength of the tendency of surplus to rise can be traced historically, as we have seen, to changes that occurred as the system evolved from its freely competitive to its monopoly phase—that is, to the shift from an economy consisting largely of small family-based firms to one dominated by large monopolistic (or oligopolistic) enterprises. Competition begets monopoly and monopoly begets competition—but in an historically evolving pattern. Competition, rather than simply disappearing under monopoly capitalism, became in some ways more intense. Competition over productivity and innovation—the drive to obtain the low cost position—only stepped up its pace. New dominant forms of competition also arose, especially those associated with marketing—targeting, product development, advertising, and sales promotion.

Yet, in areas of price, output, and investment, modifications took place in the nature of competition as a result of the concentration and centralization of capital—sharply distinguishing monopoly capitalism from the freely competitive age that preceded it. With the rise of the giant firm, price competition ceased to take place in any significant sense within mature monopolistic industries—as opposed to new industries in which a shakedown process is occur-

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ring (such as computers and digital technology in general), and industrial sectors that resemble the firms of the earlier competitive stage.[5] Megacorporations tend to price *corespectively*, as Joseph Schumpeter said, in a process of indirect collusion, acting as price-makers rather than price-takers. Prices for manufactured products in mature monopolistic markets tend to go only one way: up. Hence, inflation (whether double-digit or at more moderate levels) has come to characterize monopoly capitalism. Price deflation, once fairly normal for capitalism, largely disappeared in mature industries and at the aggregate level in the system as a whole with the rise of the regime of big business.[6] And this is true despite the fact that prices for raw materials, particularly from the third world, have had a tendency to be depressed (indeed to be caught up in deflationary spirals)—a function of the workings of the imperialist system.

The decline of price competition in the system as a whole has its counterpart in the change in the way in which output and investment are determined. Rather than lower prices in the face of a shortfall of demand as in a freely competitive economy, the typical giant firm tends to take up the slack by lowering its output and increasing its level of excess productive capacity in order to protect profit margins (the mark-up on prime production costs). As a result, investment, which is governed by expectations, tends to be regulated much more by the level of excess capacity—and by expected profits on new investment in plant and machinery if this capacity were to be expanded—than by anything else. Empirical studies have consistently shown that it is only when capacity utilization rises to 85 percent in the economy as a whole that national investment is spurred; but this process is a self-limiting one, since new investment means the growth of additional manufacturing capacity, which must find a market—investment itself then tends to lead eventually to idle capacity.

In this strange, semi-regulated world of monopoly capital, there is no longer a life-or-death competition threatening the survival of the mature capitalist enterprise (though mergers in search of greater monopoly power are a common occurrence). Rather, the giant corporations that dominate the contemporary economy engage primarily in struggles over relative market share. Although

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conventional economics textbooks still tell us that the existence of a perfectly competitive economy guarantees that economic profits are short-lived or nonexistent, in the real world of late capitalism, large firms not only obtain persistent profits, but there is a hierarchy of profit rates between firms. It remains a competitive world for corporations in many respects, but the goal is always the creation or perpetuation of monopoly power—that is, the power to generate persistent, high, economic profits through a mark-up on prime production costs.[7]

The Generation and Absorption of Surplus

Since the intent here is to explain how the growth of monopoly capital is related to such fundamental tendencies as rising surplus and economic stagnation, and how this generates various distortions in the way the capitalist economy is supposed to work (according to its own ideal conception), it is useful to turn to the work of the post-Keynesian economist Myron Gordon, who has developed an empirical analysis of the underlying pattern of accumulation, focusing on the ratio of value added to the wages of production workers.[8] Gordon shows that, while over the years 1899 to 1949 the ratio of value added to the wages of production workers in manufacturing in the United States fluctuated around 2.50, between 1949 and 1994 it rose fairly steadily to 5.25, *more than double its 1949 value.*[9] What this means is that there is a growth in the ratio of surplus to the wages of production workers as determined at the level of production.

The shift in the employment structure of manufacturing firms, from one that was geared primarily to the employment of production workers to one in which production workers are vastly outnumbered by nonproduction workers, is closely associated with this rising surplus within production and with the pursuit of monopoly power and profits. At the beginning of the twentieth century, Gordon notes,

> manufacturing firms ... were engaged primarily if not solely in production. By the end of the century their primary activity had become the pursuit of monopoly power. The large modern corporation incurs the costs of a wide range of nonproduction activities for the purpose of maintaining and increasing its monopoly power. Hence, they may be called monopoly activities. The

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> objective of monopoly power is to increase the margin of price over production cost for the firm's products and to increase the sale of the products at these prices. These activities include research and development for the purpose of improving existing products, discovering new products, and reducing production costs. They include selling and advertising to increase sales and the markup of price over production costs. They include labor relations to persuade or intimidate workers to produce more or accept lower wages. They include political contributions, lobbying and corruption of government officials in order to obtain natural resources on favorable terms and other favors of government. They include the employment of lawyers, accountants, and financiers to avoid and evade taxes and to influence tax legislation. I could go on. These activities may be harmless apart from their cost and their consequences for the distribution of income. They may be beneficial to the degree that productivity is raised, or they may be malignant in their consequences for society. In any event, what they all have in common is the pursuit of the profits to be gained from monopoly power.[10]

In addition to expenditures on the pursuit of monopoly power as such, there are also of course expenditures which can be seen as disguised profits—such as the enormous income (including reserves for severance and pensions) set aside for top management. Although treated as "cost deductions" before profits are calculated, these returns are obviously part of the economic surplus—indeed the lavish rewards to top corporate officers and their hangers-on may be largely returns for the successful pursuit of monopoly power, the immediate goal of today's "strategic management."

"Monopoly workers" are defined by Gordon as all employed workers minus production workers, and thus are equivalent to nonproduction workers.[11] Between 1899 and 1949, the number of monopoly workers increased at more than twice the rate of that of production workers. From 1949 to 1994, the growth of production workers was stagnant (falling at the end of the period), while the average annual growth rate for monopoly workers was around 2 percent.

A concrete example of the radical changes taking place in this respect in large corporations can be seen in the case of Microsoft. In fiscal year 1997, Microsoft had a total sales revenue of 11.4 billion dollars, while its labor and material costs of production were only 1.1 billion dollars. (Research and development was 1.9 billion dollars, sales and marketing 2.9 billion dollars, general

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administration 362 million dollars, and gross profits before taxes 5.3 billion dollars.) Prime production costs (the labor and materials costs of production) thus accounted for less than 10 percent of sales revenue, while profits made up 47 percent of sales revenue. The remainder was accounted for by the costs of the pursuit of monopoly power. The 5.3 billion dollar profit was earned with a total investment in equipment, inventory, and buildings of less than 2 billion dollars.[12]

Microsoft may seem like an extreme example—but as the leading high-tech corporation in the world, it also reflects the extreme direction that capital is taking in general. Moreover, the phenomenon is not simply confined to computer software firms or dot.coms. Nike, to take an additional case, subcontracts nearly all of its production to owners of factories in China, Indonesia and Vietnam. Tens of thousands of workers in Asia employed by these subcontractors produce the shoes sold by Nike, which is thus free to devote almost its entire paid employment to the pursuit of monopoly power. In 1992, Nike's payroll included eight thousand people globally, almost all of whom were in management, sales promotion, and advertising—geared to Nike's *swoosh* label products.

The economic surplus generated by these means is enormous, as are the costs of Nike's pursuit of monopoly power. In 1992, Michael Jordan received twenty million dollars from Nike for promoting its shoes. This was as much as the entire payroll of the four Indonesian factories involved in the production of Nikes, where the mainly female workers sometimes earned as little as fifteen cents an hour while working eleven hour days. By 1996, conditions for these workers had improved only slightly; twenty-five thousand workers produced seventy million pairs of shoes annually (each of which sold for between forty-five and one hundred dollars in North America) and received an average of 2.23 dollars per day, while often being compelled to work six hours overtime. In Vietnam, where Nike was subcontracting much of its production by the late 1990s, conditions were even worse. In 1997, most of the thirty-five thousand workers in Vietnam producing Nikes were women who worked twelve hour days for a labor cost of two dollars per pair of shoes. Under attack for the labor conditions in the factories that make its shoes, Nike has responded

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that it is simply a marketing company, uninvolved in production. In the words of its vice-president for Asia, "We don't know the first thing about manufacturing. We are marketers and designers."[13]

Nike is an extreme example, mainly because of the extent of its outsourcing and subcontracting of production. In most manufacturing, direct investment in production is deemed vital, since the capacity to generate economic surplus is rooted in production, and in innovations occurring at this level. Nonetheless, the general shift in the overall economic emphasis of firms from production to marketing and finance has been central to the evolution of the large firm throughout the past century. As early as 1939, in a Federal Trade Commission Inquiry, General Motors revealed that a Chevrolet selling for 950 dollars had production costs of around 150 dollars while the remainder went to marketing, distribution, and profits.[14]

Mergers and Financial Speculation

The economic surplus generated by firms, according to the foregoing analysis, is enhanced by the pursuit of monopoly power and the pursuit of monopoly power generates its own costs, which increasingly dominate the balance sheets of firms. The expenditures associated with the pursuit of monopoly power are not reducible to the sales effort, but also include the absorption of surplus through such means as corporate mergers and financial speculation. As economic surplus expands, so do corporate mergers, which have as their object the pursuit of higher degrees of monopoly power through the concentration and centralization of capital. Hence, economic surplus that could be used for investment is instead used up in the buying and selling of firms—a competitive race that takes on more and more urgency as it becomes more global in character. The two greatest merger waves in history are those associated with the opening and the close of the twentieth century. "Measured relative to the size of the economy," according to the *Economic Report of the President, 1999*, "only the spate of trust formations at the turn of the century comes close to the current level of merger activity," with the value of mergers and acquisitions in the United States in 1998 alone exceeding 1.6 trillion dollars. Corporate mergers and acquisitions grew at a rate

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of almost 50 percent per year in every year but one between 1992 and 1998. Globally, more than two trillion dollars worth of mergers were announced in the first three quarters of 1999.[15] The leading sectors in this merger wave have been in high technology, media, telecommunications, and finance but mega-mergers are also occurring in basic manufacturing.

It is not simply the quantitative extent of mergers and acquisitions that matters but also their type and purpose. Many of these mergers, as noted in the *Economic Report of the President*, are "synergy-seeking mergers" in which large corporations are seeking to take advantage of "economies of scope" by moving into closely related markets. Further, while the great merger wave at the beginning of the twentieth century was directed mainly at control of an overwhelming share of domestic markets by three or four firms, the merger strategy of today has shifted to consolidating a substantial share of international markets through: (a) establishing production facilities in other industrialized countries (where the biggest markets are to be found), and (b) cross-border buyouts and mergers.

The merger in 1998 of Daimler Benz and Chrysler to form a 130 billion dollar company, DaimlerChrysler, which *Business Week* called "the first global car colossus," is a case in point. It was an attempt to consolidate a global market position in an industry where there "there is plant capacity to build at least 15 million more vehicles each year than will be sold." According to McGraw-Hill business analysts, such consolidation within the auto industry worldwide is inevitable, with the number of leading auto companies in the world expected to drop by half, from forty to twenty, in the opening decades of this century.16 The DaimlerChrysler merger was followed last year by Ford's acquisition of Volvo. Moreover, the globalization of monopoly capital in the auto industry is stepping up its pace. According to *The Wall Street Journal* of February 14, 2000,

> The world's two biggest auto companies are about to enter a bidding war for an insolvent South Korean car maker—and the outcome could determine who will be No. 1.
>
> Ford Motor Co. intends to take on General Motors Corp. in the auction of Daewoo Motor Co., Ford Chairman W. Wayne Booker confirmed over the weekend, ending weeks of speculation about

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> Ford's plans. GM set the auction in motion when it offered around $6 billion for most of Daewoo's assets. People close to the situation say DaimlerChrysler AG also is seriously considering jumping in. A DailmerChrysler spokesman wouldn't comment.
>
> Why are the world's biggest car makers so keenly interested? At first glance, Daewoo Motor seems hardly worthy of such attention. It owes sixteen billion dollars it can't repay, has car factories in some of the world's oddest corners, and its American marketing arm even publishes a brochure that opens with the question, "Dae-who?"
>
> But the contest is one for world domination. Ford's string of 1990s acquisitions–capped by its purchase a year ago of Volvo Cars Ltd.–has positioned it to overtake GM for global auto-making leadership. Whichever company gets Daewoo Motors' annual worldwide capacity of about two million cars will have the potential to be the biggest.

Despite the fact that the current merger frenzy, as the above example dramatically demonstrates, is directed at global rather than national markets, the underlying aim remains a familiar one. As Michael Mandel, economics editor of *Business Week*, declared in October 1999, "The old market verities apply: As concentration increases, it's easier for remaining players to raise prices. In the copper industry, the prospect of consolidation helped drive up future prices by more than 20% since the middle of June."[17]

What is now the greatest merger wave in capitalist history is rapidly transforming the global competitive environment. Already by the mid-1990s, the largest three hundred corporations in the world accounted for 70 percent of foreign direct investment and 25 percent of world capital assets. The top ten telecommunications firms now control 86 percent of a 262 billion dollar world market—and analysts expect the number of giant telecommunications firms controlling that world market to be halved early in this century. The rivalry between giant firms is being intensified at the transnational level as corporations seek to carve out larger and larger world market territories.[18]

The underpinnings of the current massive merger wave can be understood much more fully by examining the way they are financed. Although it is still frequently claimed in textbook economics that the main purpose of both the issue of new stock and borrowing by nonfinancial corporations is to finance investment in productive capacity, this is far from the case. In the 1980s, U.S. corporations borrowed heavily, not in order to finance real invest-

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ment (which they continued to pay for out of gross profits), but for the purpose of stock buybacks (to boost the value of their shares) and takeovers. This borrowing was thus geared to the speculative purchase of existing assets with the expectation of expanding capital gains, and, in the case of takeovers, the creation of new monopolistic positions through "synergy." In the 1990s, the diversion of corporate funds to Wall Street has intensified, but firms have relied on their own profits increasingly for this purpose rather than debt (though also continued to borrow as a defensive strategy against hostile takeovers). The speculative bubble associated with the internet and the Nasdaq in particular had created such an out-of-this-world situation, by the opening month of 2000, that the digital giant America Online (AOL) was able to purchase Time Warner, in a 183 billion-dollar deal that constituted the biggest (though still pending) merger in all of history. And AOL was able to do so despite the fact that it had only 20 percent the annual revenue and 15 percent of the workforce of Time Warner.[19]

Increasingly, we are faced with a world economy governed by financial speculation and the attempt to create *global monopoly* (or oligopoly) power—led by media and telecommunications and fanning out through all sectors of production. In this shift to a more global playing field, there is the likelihood of increasing currency and trade wars between capitalist blocs, even as core capital attempts to head off trouble by establishing new rule-making bodies at the international level, such as the World Trade Organization (WTO). Real power, however, lies not with such transnational rule-making bodies (which can never become an "international of capital"), but with the actual states and corporations.

The United States and World Competition

In this age of globally expanding circuits of capital, the United States has for the most part been able to set the pace. The source of this U.S. advantage resides not simply in the special role of the dollar; its military power; the ability of its corporations to position themselves strategically in global markets so as to obtain spectacular mark-ups (evidence of monopoly power); or its position as a haven for foreign capital—but also in the low rate of increase in unit labor costs (i.e., nominal hourly compensation per unit of

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output) of U.S. manufacturing relative to manufacturing in the other capitalist states. This can be seen in Table 1 (below). With exception of the United States and Canada, all of the G-7 countries had double-digit rates of increase in exchange-rate adjusted unit labor costs from 1985 to 1990. Moreover, in the 1990 to 1998 period, the exchange-rate adjusted rate of increase in unit labor costs in the United States remained lower than those of its two biggest competitors: Japan and Germany.

Table 1.
Average Annual Rates of Change of Unit Labor Costs in Manufacturing, G-7 Countries: U.S. Dollar Basis

	1985-1990	1990-1998
U.S.	1.6	0.2
Japan	10.8	1.3
Germany (West)	15.9	0.3
France	11.6	-2.0
United Kingdom	11.4	1.8
Italy	14.4	-2.3
Canada	7.1	-2.3

Source: United States Department of Labor, Bureau of Labor Statistics, "International Comparisons of Manufacturing Productivity and Unit Labor Cost Trends, 1998," *News*, August 27, 1991, Table B, p. 11. The employment compensation component of unit labor costs includes both direct and indirect payments to employees. Direct payments include wages and salaries (also encompassing compensation to corporate executives), vacation pay, tips, bonuses, etc. Indirect payments include employer contributions to legally required insurance programs and contractual and private benefit plans, including social insurance funds, private pensions, and health and welfare plans, and workers' compensation for injuries.

Unit labor costs are a more comprehensive indicator of international competitiveness than labor productivity growth rates, which they partly reflect. Hence, it is the relatively slow growth of unit labor costs in the United States, Bureau of Labor Statistics analysts tell us, that point to the *decisive advantage* gained by the United States in *overall competitive position* over its major competitors in the period after 1985.[20] There can be little doubt about where the ultimate source of this advantage lies: in the effectiveness of the class struggle against labor in the United States. According to one study, real after-tax hourly compensation of production workers in the U.S. economy dropped by almost 14 percent between 1977

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and 1995.[21] The present expansion has been accompanied by increasing attacks on unions; growth of "nonstandard employment" (in which part-time and other contingent employment constitutes a bigger and bigger portion of total employment); longer work hours; and cutbacks in state spending for human welfare. In this battle to lower the floor, U.S. capital has played the leading role and its major competitors are increasingly moving in the same direction.

The same general process taking place in the U.S. economy is occurring globally on a much larger, more polarized scale. What Harry Magdoff noted in *The Age of Imperialism* as far back as 1969 is even more apparent today (though it now applies to the giant firms of numerous states): "It is the professed goal of these international firms [U.S. multinationals] to obtain the lowest unit production costs on a world-wide basis. It is also their aim, though not necessarily openly stated, to come out on top in the merger movement in the European Common Market and to control as large a share of the world market as they do of the United States market." In fact there is an "essential oneness" to the U.S. economy and its foreign economic policy. According to the dominant corporate consensus, the struggle against domestic labor is at one with the struggle with other capitalist blocs, and with the struggle against already superexploited third-world labor. In each and every case, the goal is a narrow pursuit of low production costs, widening profit margins, increased capital gains, and global monopoly power—at the expense of all other interests and values.[22]

It goes without saying that this "essential oneness" in the accumulation drive of the system at all levels at the beginning of the twenty-first century conceals its own internal antagonisms. The anti-WTO protests in Seattle may signal the fact that the "party" for capital at this historical juncture is nearly over—in more ways than one.

NOTES

1. Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966), p. 125. It should be emphasized that in referring to "the tendency of surplus to rise" Baran and Sweezy had no intention of presenting this as an *iron law*, i.e., one not subject to countervailing factors that modify or mitigate its effect. Rather they invariably emphasized that this was a mere *tendency* (or tendential law), which could not be examined apart from such countervailing factors.

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2. *Business Week*, August 16, 1999, pp. 88-90, August 2, 1999, pp. 28-31 and December 27, 1999, pp. 52-55.
3. Kevin J. Clancy and Robert S. Shulman, *Across the Board* (October 1993), p. 38, and *Marketing Myths that are Killing Business* (New York: McGraw Hill, 1994), pp. 140, 171.
4. *National Income and Product Accounts of the United States*, vol. 1, Tables 1.1 and 1.16; and U.S. Commerce Department, *Survey of Current Business*, vol. 79, no. 8 (August 1999), pp. D2 and D5. I would like to thank my friend and colleague Michael Dawson for the initial analysis of this data. It should be noted that depreciation is sometimes seen as a cost to be deducted before arriving at net profits, but in practice depreciation (the amount of which is enormously increased by accelerated depreciation allowances) is part of the social accumulation fund (or total economic surplus) available to capital and hence needs to be included in the surplus. In other words, the appropriate categories for analysis of accumulation are gross profits, gross savings/surplus and gross domestic product (all of which include depreciation) rather than net profits, net savings, or net national product. For more detailed discussion of these issues as well as a far more comprehensive empirical treatment of the tendency of the surplus to rise see Michael Dawson and John Bellamy Foster, "The Tendency of Surplus to Rise, 1963-1988," in John B. Davis, ed., *The Economic Surplus in Advanced Economies* (Brookfield, Vermont: Edward Elgar, 1992), pp. 42-70. A heavily abridged version of this research was published under the same title in *Monthly Review*, vol. 43, no. 4 (September 1991), pp. 37-50. For a graph of this data showing the tendency of the surplus to rise, see Michael Dawson and John Bellamy Foster, "Is There an Allocation Problem?: Accounting for Unproductive Labor," *Science & Society*, vol. 58, no. 3 (Fall 1994), p. 323.
5. Both monopolistic and competitive sectors of the economy continue to exist side by side, but the giant corporation, able to control to a considerable extent its level of price, output, and investment, is the typical firm in a dynamic sense in the monopoly capitalist economy. Noting the difference in price structure in monopolistic and competitive industries, the Natural Resources Committee report, *The Structure of the American Economy* (1939), directed by Gardiner Means, observed that the term "monopoly" could be "used on the whole to refer to situations in which sufficient control would be exercised over price by an individual producer or by a colluding group of producers to make possible monopoly profits, i.e., profits above the rate necessary to induce new investment in other industries not subject to monopoly control." Conversely, "a situation was in general classified as competitive if there was insufficient control over price to make monopoly profits possible." Gardiner Means, ed., *The Structure of the American Economy, Part I* (Washington, D.C.: U.S. Government Printing Office, 1939), p. 139.
6. See Harry Magdoff, "A Note on Inflation," in John Bellamy Foster and Henryk Szlajfer, ed., *The Faltering Economy: The Problem of Accumulation Under Monopoly Capitalism* (New York: Monthly Review Press, 1984), pp. 118-23. The Great Depression was of course an exception to the inflationary tendencies under monopoly capitalism.
7. Competition, which has as its main goal the development of monopoly power (entailing surplus profits or monopoly rents) through the monopolization of particular technologies and markets, is sometimes known as "Schumpeterian competition" and closely corresponds with how the term "competition" is used within business today. See James Galbraith, *Created Unequal: The Crisis in American Pay* (New York: The Free Press, 1998), pp. 40-42.
8. Myron Gordon, "Monopoly Power in the United States Manufacturing Sector, 1899 to 1994," *Journal of Post Keynesian Economics*, vol. 20, no. 3 (Spring 1998), pp. 323-25. Gordon's analysis is inspired by Michal Kalecki's concept of the "degree of monopoly," defined as the price mark-up over average prime production costs. On the relation of Kalecki's analysis to that of Baran and Sweezy see John Bellamy Foster, *The Theory of Monopoly Capitalism* (New York: Monthly Review Press, 1986).

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9. Gordon, "Monopoly Power," pp. 323-25. The production workers category, upon which much of Gordon's analysis depends, is described in the *Census of Manufactures* as follows: "This item includes workers (up through the line-supervisor level) engaged in fabricating, processing, assembling, inspecting, receiving, storing, handling, packing, warehousing, shipping (but not delivering), maintenance, repair, janitorial and guard services, product development, auxiliary production for plant's own use (e.g., power plant), recordkeeping, and other services closely associated with production operations at the establishment covered by the report. Employees about the working-supervisor level are excluded from this item." *General Summary, Census of Manufactures, 1992*, p. A-1. Like most economic statistics there are some conceptual issues raised by the production workers category, which have to be taken into account in its application, such as the fact that it excludes all of those managers supervising production above the line-supervisor level (including these among nonproduction workers). Nevertheless, it draws an important distinction between those production workers directly engaged in the process of producing use values and those nonproduction workers primarily geared to management, marketing and finance, etc.
10. Gordon, "Monopoly Power," pp. 326-27.
11. There are some theoretical difficulties in equating the "nonproduction workers" category with the concept of "monopoly workers." For one thing, monopoly power is normally rooted in production, so that production workers are also, in a sense, monopoly workers. But Gordon's intention is clearly one of emphasizing that production workers are caught up in the stringent capitalist logic of increasing productivity, and at the same time keeping down unit labor costs–in other words raising the rate of exploitation–in contrast to nonproduction (or "monopoly") workers who have as their main task the increase of the mark-up.
12. *Ibid*, pp. 327-28.
13. Richard J. Barnet and John Cavanagh, *Global Dreams* (New York: Simon and Schuster, 1994), pp. 325-28; Walter LaFeber, *Michael Jordan and the New Global Capitalism* (New York: W.W. Norton, 1999), pp. 106-07, 147-48; David Korten, *The Post-Corporate World: Life After Capitalism*, 1999), pp. 77-78.
14. On General Motors see Douglas Dowd, *The Waste of Nations* (Boulder: Westview Press, 1989), pp. 65-66. This example of course doesn't take account of the fact that the sales effort had actually penetrated into the production process of such large firms, as Veblen and later Baran and Sweezy were to argue, so that incorporated into production costs themselves were the costs associated with frequent model changes–accounting for perhaps a third of all production costs in automobile production by the middle of the last century. See Baran and Sweezy, *Monopoly Capital*, pp. 131-38.
15. *Economic Report of the President, 1999*, p. 39; Korten, *The Post-Corporate World*, p. 42; *New York Times*, January 19, 1998, p. A1; Michael J. Mandel, "All These Mergers are Great But...," *Business Week*, October 18, 1999, p. 48.
16. "The First Global Car Colossus," *Business Week*, May 18, 1998, pp. 40-41.
17. Mandel, "All These Mergers," p. 48.
18. Michael Dawson and John Bellamy Foster, "Virtual Capitalism," in Robert W. McChesney, Ellen Meiksins Wood and John Bellamy Foster, ed., *Capitalism in the Information Age* (New York: Monthly Review Press, 1998), pp. 53-54; United Nations, *Human Development Report* (New York: Oxford University Press, 1999), p. 3.
19. Doug Henwood, *Wall Street* (New York: Verso, 1997), pp. 72-75; *Business Week*, January 24, 2000, p. 37.
20. U.S. Department of Labor, Bureau of Labor Statistics, *A BLS Reader on Productivity*, Bulletin 2474 (April 1996), p. 12.
21. Eric A. Nilsson, "Trends in Compensation for Production Workers, 1948-1995," *Review of Radical Political Economics*, vol. 31, no. 4 (December 1999), pp. 133-63.
22. Harry Magdoff, *The Age of Imperialism* (New York: Monthly Review Press, 1969), p. 200. On the concept of the "essential oneness" of U.S. accumulation see Harry

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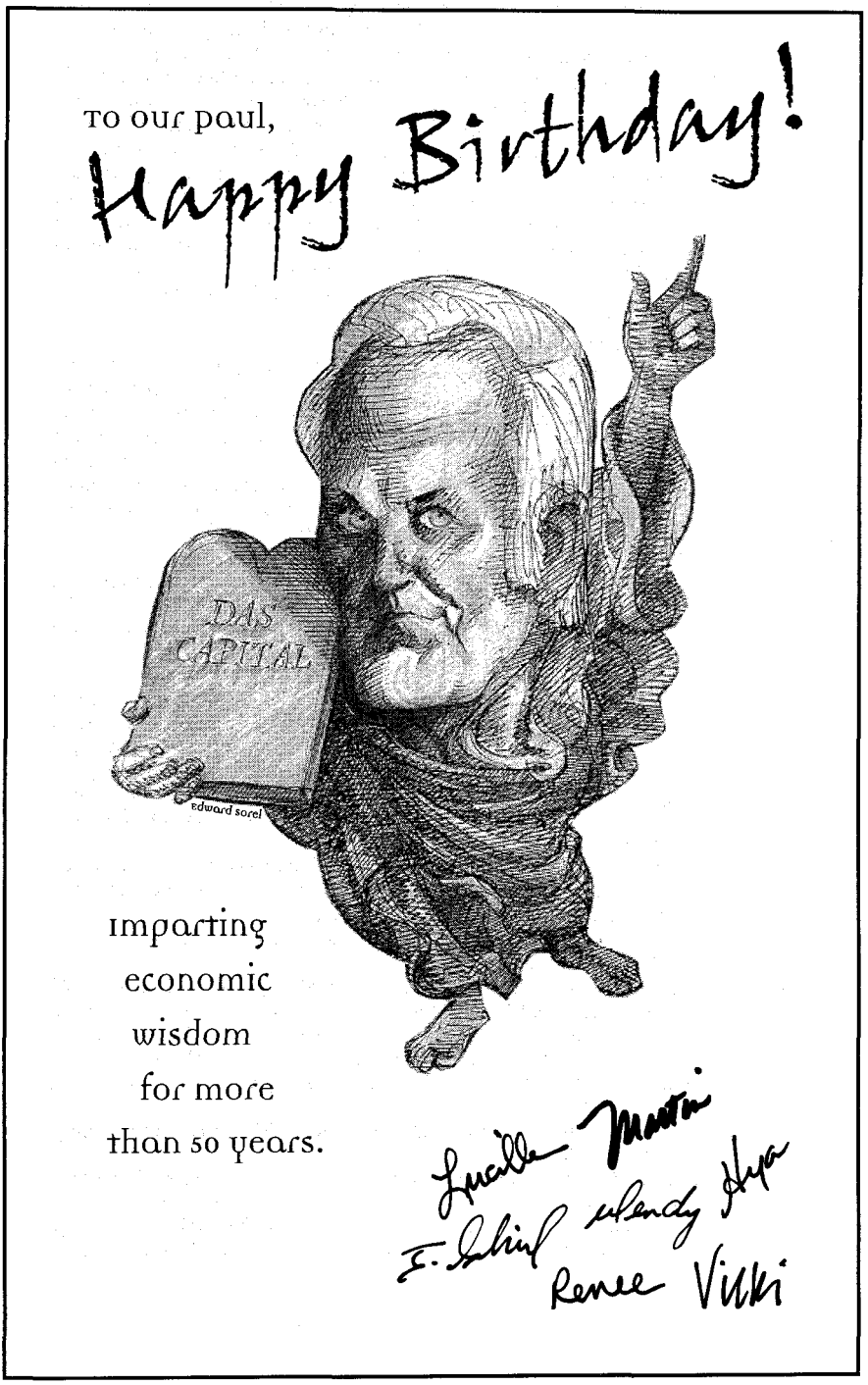
Magdoff, *Imperialism: From the Colonial Age to the Present* (New York: Monthly Review Press, 1978), p. 239.



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Cars and Cities

by Paul M. Sweezy

> "Cities, after all, have a great deal in common with cars. More and more, in fact, they often seem to be turning into cars. There are deep mysteries here, impenetrable to the present shallow state of human understanding. Somehow, we know not how, things communicate."—Russell Baker, *New York Times*, March 8, 1973

In Marxist theory the treatment of technology has generally referred to production, the means of production, the character of the labor process, and related matters. This follows the example set by Marx himself in his justly famous chapter on machinery and modern industry in Volume 1 of *Capital* which occurs in the part devoted to the production of relative surplus value. Neither there nor anywhere else in *Capital* is there any discussion or analysis of the impact of technology on consumption and via consumption on processes of capital accumulation and social development.

The reason for this is not that Marx excluded consumption from a role in the capitalist process. On the contrary, in the well-known "Introduction to the Critique of Political Economy," Marx wrote:

> Definite production thus determines definite consumption, distribution, exchange and *definite relations among these different elements*. To be sure production, *in its one-sided form,* is in its turn also

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> determined by the other elements. For example, if the market, i.e., the sphere of exchange, expands, production grows and becomes further subdivided.[1]

It is evident from this and other passages in the Introduction that Marx regarded production and consumption as dialectically interrelated aspects of a single complex process. As in all such cases, change initiated in any part can in principle—though it does not necessarily have to—ramify throughout the whole, setting in motion either self-limiting or cumulative sequences of change. Marx provided a classic description and analysis of a cumulative sequence of change within the production process in a beautiful passage which begins: "A radical change in the mode of production in one sphere of industry involves a similar change in other spheres."[2]

The fact that Marx failed to analyze any such sequences involving both production and consumption did not arise from any denial that they might exist, or even that they actually did exist. In discussing the consequences of machinery, he wrote:

> The immediate result of machinery is to augment surplus value and the mass of products in which surplus value is embodied. And, as the substances consumed by the capitalists and their dependents become more plentiful, so too do these orders of society. Their growing wealth, and the relatively diminished number of workmen required to produce the necessaries of life beget, simultaneously with the rise of new and luxurious wants, the means of satisfying those wants. A larger proportion of the produce of society is changed into surplus produce, and a larger part of the surplus produce is supplied for consumption in a multiplicity of refined shapes. In other words, the production of luxuries increases.[3]

Here was a clear example of an interaction of production and consumption resulting from technological change, one which from some points of view was certainly far from insignificant. The reason why Marx noted it only in passing and made no attempt to analyze it in depth, as he did with the consequences of machinery in the production process itself, was probably because he saw it as affecting only the consumption patterns of the capitalists and their dependents. As far as the working class was concerned, he believed that the capitalistic use of machinery had had disastrous consequences, ruining handicraftsmen and lowering the wages of factory hands by simplifying their work and opening the way for the

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mass employment of women and children. By comparison, the stimulation of luxury consumption by the capitalist class was a matter of secondary importance which not only could but should be abstracted from in studying the *modus operandi* of the capitalist system.

In the century since the publication of the first volume of *Capital,* however, it is clear that technological changes affecting both production and consumption *and* involving fundamental alterations in the consumption patterns of the mass of workers, with far-reaching consequences for the functioning of capitalism, have occurred in the advanced imperialist metropolises of the global capitalist system.[4] What is at issue here is what may be called the political economy of the motor car which, so far as I am aware, has never been subjected to serious analysis in the Marxian literature.

In the beginning the automobile was of course a mere curiosity, but developed rapidly into a luxury good entering into the consumption of the upper class. "As long as motor cars were few in number," Lewis Mumford wrote, "he who had one was a king; he could go where he pleased and halt where he pleased; and this machine itself appeared as a compensatory device for enlarging an ego which had been shrunken by our very success in mechanization."[5] This was clearly the situation which obtained before the First World War: in 1910 there were some 19,000 people for every car in the United States.[6] During the next decade, however, the automobile began to enter into popular consumption, the ratio of people to cars dropping precipitously to approximately 11 to 1 by 1920. On the side of technology and production, the decisive factor here was Henry Ford's introduction of the low-priced Model T, involving (as both cause and effect) such cost-reducing technologies as the assembly line and interchangeable parts.

Since 1920 the people/car ratio has further declined as follows: 1930—4.5; 1940—4.1; 1950—3.1; 1960—2.4; 1970—1.9. At the present time, in other words, there are more than half as many cars as people in the United States. The automobile has become a mass-consumption commodity in the fullest sense of the term. And in the process it has profoundly altered many aspects of social existence for all classes and strata of society.

The most obvious manifestations of this process—which the late Paul Baran and I have called the "automobilization" of society[7]—

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are traffic congestion and pollution, and these are also the effects which have been most instrumental in focusing public attention on the social and environmental implications of automobilization. But congestion and pollution are essentially superficial phenomena, comparable to the outward symptoms of a disease with deep roots in the organs of the body. If we are ever to deal with the disease itself we must go beyond the symptoms and study its etiology. In the present instance what we need first of all is to understand the ways in which the automobile in the process of becoming a mass-consumption good impinged upon and ultimately transformed the geography and demography of the country.

Before the automobile age there was a sharp physical division between city and country. The city was a clearly bounded built-up area beyond which there was country (or in some directions a body of water). People who worked in the city but lived outside of it had to rely on transportation by rail for getting in and out. With the railroads limited to providing station-to-station service and readily accessible only from relatively short distances on both sides of the tracks, the areas available for suburban settlement were quite restricted. They were for the most part inhabited by upper-income people and those who catered to their needs, providing for a quantitatively small sector of the bourgeoisie many of the advantages of country living in close proximity to the urban centers.[8]

The coming of the automobile as such did not change this situation. In the early years cars were expensive and unreliable so that only the well-to-do could afford them and their upkeep. In addition, except for city and town streets, roads were few and bad. Under these circumstances as far as the suburbs were concerned, cars complemented the existing patterns rather than changing them. Owned by the upper-income commuters and largely chauffeur-driven (the chauffeur fulfilling the role of mechanic as well as driver at a time when repair and service stations were all but nonexistent), cars expanded the area within which commuters could conveniently live but introduced no new elements into the picture. The 1920s saw the beginning of an extremely complex cumulative process, culminating in what it has become usual to refer to as today's "urban crisis." The immediately propelling forces under-

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lying this process were, first, the cheapening of the automobile; and second, the extension of the road and highway network.

On the production side, the development of the automobile and the automobile industry provides a classic illustration of the laws of capitalist accumulation. Originally consisting of hundreds of small shops, mostly formerly carriage-makers, using essentially handicraft methods, the industry was rapidly mechanized and concentrated in a few large firms. In the process new technologies were pioneered; and new forms and strategies of organization and management were devised. The Ford Motor Company, under the sole control of the first Henry Ford, was the perfect example of what Marx called concentration of capital, expanding entirely through investing its own profits. General Motors, on the other hand, also illustrates the centralization of capital in Marx's sense, i.e., the combination of a number of separate enterprises into one, a pattern likewise followed by Chrysler and American Motors, the other two still surviving U.S. firms in the industry. During the fiercely competitive stage of the industry's development, up to the early 1920s, prices declined in step with costs. As an example, when the Model T Ford was introduced in 1908 its price was $1,000; by 1924 it had fallen to less than $300, i.e., by more than 70 percent.[9] During the same period per capita national income in current prices more than doubled (from an average of about $300 in 1908 to $660 in 1924).[10] Obviously the result of these changes was to open up a vast new market for automobiles during this crucial decade and a half: the total number of passenger vehicles registered in 1910 was about a half million and this had increased fortyfold to 20 million by 1925.[11]

All these cars would have had no place to go, however, had it not been for a vast increase in the road network. As a very rough indicator of what was happening here, the mileage of surfaced roads increased by 81 percent between 1910 and 1920, by 88 percent between 1920 and 1930, and by 97 percent between 1930 and 1940.[12] At the same time of course the quality and carrying capacity of the roads were greatly improved. In recent years, indeed, it has been mainly through the upgrading of roads or the construction of multilane freeways paralleling or replacing existing routes that the capacity of the highway network has been expanded.

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It should not be supposed that all this has taken place in a smooth and continuous process. The dominant dynamic force has of course been the mass production and sale of new cars, rising from around two million in 1920 to eight million or more in the last few years (excluding truck, buses, and imports). But since cars last up to ten years or more, the number on the road, distributed in large part through the used-car market, cumulatively increased to nearly 90 million by 1970; and it is the total number of vehicles rather than new sales which generates pressure on the highways. This pressure has made itself felt unevenly and has been responded to by various governmental units at the local, state, and federal levels even more unevenly. At some times and places traffic has built up far beyond the capacity of the available roads, creating bottlenecks and intensifying pressures on the authorities; and at other times and places building has outstripped the growth of traffic, only to be overtaken in turn by the inexorable build-up of more cars and more traffic.

The foregoing account of the interaction between cars and roads is descriptive in nature and fails to convey a sense of the enormous power of the economic forces which have driven the process forward, especially in the last 25 years since the recovery of the automobile industry from the almost complete shutdown forced upon it during the Second World War. The private interests which cluster around and are directly or indirectly dependent upon the automobile for their prosperity are quantitatively far more numerous and wealthy than those similarly related to any other commodity or complex of commodities in the U.S. economy. Here is a quick run-down.

(1) The automobile industry itself. The first, third, and seventh corporations on *Fortune's* list of the 500 largest are automobile producers, and the industry as a whole is easily the most profitable in the economy.[13]

(2) Manufacturing industries largely dependent on the automobile. Three more of the largest ten on the *Fortune* list (nos. 2, 6, and 8) are oil companies. And by one researcher's count, altogether 22 of the 50 largest (including the auto and oil companies already listed) "are in automobiles and highways for the bulk of their income."[14]

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(3) Service industries largely dependent on the automobile. Here we include dealers, wholesalers of vehicles and parts, gasoline stations, and all sorts of garage and repair facilities. In 1967 there were about a half million establishments under these headings employing over two million employees. If we assume that in most cases the proprietors also work, we would conclude that something over 3 percent of the total labor force is employed in directly servicing automobiles. And this does not count the numerous categories of employment, such as motels and resorts, which are almost as dependent, albeit indirectly.

(4) Users of highways for profit. After a rapid process of centralization, there were 1,250 intercity trucking companies in 1968, employing nearly a half million workers and carrying around 20 percent of the country's long-distance freight. At the same time the Teamsters Union, which is the largest union in the country with a membership of more than 1,700,000, is centered in the fields of trucking and warehousing. In addition of course most big corporations have their own fleets of trucks. And there are other types of commercial highway users such as buses (urban and intercity) and taxicabs.

(5) Makers of highways, including an important segment of the construction industry (about 11 percent of the total measured by value added in 1968) and a large number (about 600,000 in 1969) of government workers (federal, state, and local) employed in the planning, supervising, maintaining, and repairing of highways.

(6) Last but not least is the automobile-driving public (in 1968 there were 101 million registered motor vehicles of all kinds and 105 million licensed drivers). Though the increasingly severe problems of congestion and pollution are now causing many of the country's motorists to have second thoughts, it is nevertheless true that through the whole period of automobilization from 1910 right up through the 1960s, they felt more or less continuously restrained and frustrated by an inadequate road and highway network. They therefore provided massive and enthusiastic political support for road-building, culminating in the launching in 1956 by the federal government of the multibillion-dollar Interstate Highway System, backed by a device called the Highway Trust Fund which ensured that all federal taxes collected on motor

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vehicles, gasoline, and related equipment would be used to construct a vast system of superhighways.[15]

This bare listing of the main components of what may be called the automobile-industrial complex could, and in any thorough study should, be complemented by an analysis of its structure and *modus operandi*. Here it must suffice to note that these various interests are represented by a large number of trade associations and other organizations which are amply financed and staffed and are active on a full-time basis at all levels of government as well as in the realm of propaganda and opinion formation. As Jerome puts it, "The scurry work, the wheedling and coercion, the swapping of favors and collection of political debts, is done by a large and complexly interwoven network of associations and pressure groups."[16] As would be expected, in other words, the enormous economic wealth and power of the automobile-industrial complex have been effectively mobilized and brought to bear at the political and ideological levels.

Let us now turn to the impact of automobilization on the development of cities and the living patterns of their inhabitants. Decisive in this connection has been the obliteration of the old sharp dividing line between city and country. Drive from the center of an American city today in any direction, and you will of course eventually come to open country. But you will never cross a boundary clearly demarcating the one from the other. What you will observe instead is a gradual thinning out of the density of settlement. The old distinctive commuter suburb dependent on rail transport has been swallowed up and incorporated into an expanded urban area.[17] And in some places, particularly in the northeast between Boston and Washington, expanding urban areas or metropolises have run into each other.[18] In such cases your trip from one city center will take you through roughly concentric rings of *decreasing* density into another set of concentric rings of *increasing* density.

This obliteration of the old distinctions between city, country, and suburb—often called "urban sprawl"—would have been impossible but for the automobile which, with its complementary road and highway network, has introduced what may be called a generalized factor of mobility replacing the former limited and

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specific modes of mobility. The car can go in any direction for any distance. The horse-drawn vehicle, on the other hand, is necessarily short-haul, and both railroads and trolleys are track-bound and therefore restricted to certain prescribed routes. These specific modes of mobility impose a definite shape on both economy and society, much as a skeleton may be said to impose a shape on a living body. With the coming of the generalized factor of mobility, these constraints are removed and radically new locational patterns become possible.

They become possible, but no particular new pattern is dictated or enforced. What actually happens is therefore determined by other considerations. And here we must, I think, give primacy to the overall process of capital accumulation which both seeks out and responds to profitable investment opportunities on the one hand, and creates new ones on the other. The point is that with greater freedom of mobility, the shape of economy and society could adjust to the pushes and pulls of the accumulation process more rapidly and completely than would otherwise have been the case. And the likelihood of cumulative rather than self-limiting processes of change was greatly increased. Moreover, the possibility existed and was soon translated into reality that cumulative change, once initiated, would take on a life of its own, often contradicting rather than serving the economic and social needs which had given rise to it in the first place.

Automobilization started somewhat later, but in the main coincided with the transition from competitive to monopoly capitalism. The emerging corporate giants, including those directly or indirectly dependent on the automobile, were more profitable than their predecessors and were therefore able to grow more rapidly than the smaller and more competitive sectors of the economy (Marx's concentration of capital); and their huge financial resources gave them the leverage to engineer an uninterrupted series of mergers (Marx's centralization of capital). Technologically, this increasingly dominant monopolistic sector of the economy was (and is) highly dynamic, manifesting a strong bias toward more and more sophisticated, capital-intensive methods of production. Moreover, the big monopolies, in their search for new markets, have made available to other sectors of the

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economy advanced mechanical, electronic, chemical and other sophisticated technologies which in turn have revolutionized these sectors' methods of production. What is particularly relevant from our present point of view is that in this way U.S. agriculture, in spite of the fact that it does not readily lend itself to monopolization, has been rapidly mechanized and chemicalized, leading to the relative depopulation of the countryside and the crowding of displaced farmers, sharecroppers, and agricultural laborers into the cities. As a result of this internal migration as well as of natural population growth, the cities have experienced very rapid expansion during the automobilization period. (In the half century from 1910 to 1960, the urban population increased from 42 million to 125 million, approximately 300 percent; while the rural population increased 50 to 54 million, or only 8 percent.)

Urban growth on this scale would have involved a comparable increase in the geographical size of cities even if the new residential areas had been of the built-up, high-density variety. But given the general mobility factor introduced by the automobile, the urban-sprawl pattern, involving a much more than proportional increase in area, became both a possibility and a reality. Where in earlier times the children of slum-dwelling immigrants had, as they climbed the economic ladder, moved into compact neighborhoods within the built-up city, now the tendency was increasingly to move to the fringes and the formerly railroad-dependent suburbs. The slums in turn were filled up no longer by immigrants from abroad (the First World War effectively put an end to this kind of immigration) but by those expelled from U.S. agriculture, including disproportionately large numbers of blacks, Mexican-Americans, and Puerto Ricans.

And now comes the final act in what may be called the drama of the car and the city. The massive outflow of population from the old inner city brings with it much more than a mere change in residential patterns. As people move out, all sorts of economic activities move with them, and a process of obsolescence and decay is initiated in the center. First to follow the population movement of course are retail and service establishments. But these are soon joined by manufacturers and wholesalers who on the one hand now find a labor supply and cheaper land on the outskirts and on

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the other hand are repelled by the deterioration in the center. The movement of residences comes first, but the movement of jobs soon reinforces the movement of residences, which in turn stimulates further movement of jobs, and so on in a self-reproducing cumulative process.

It might be supposed that this would result in a more or less even and continuous settlement of the space occupied by the outward movement, with densities declining in direct proportion to distance from the center, so that there would after all be a reasonably clear demarcation between built-up area and open space beyond. But this is not the way it happens in a regime of private property in land such as that which obtains in the United States. Typically, large amounts of land are held off the market and out of use by investors (or, if you prefer, speculators), as a result of which the development process often has to leapfrog over areas of open land.[19] And in addition densities are kept down by zoning ordinances prescribing minimum sizes for residential lots in parts of the metropolis, usually farther out, controlled by upper- and middle-income whites determined to exclude the poor and the black from their neighborhoods. The consequence is that the city comes to sprawl over an area much greater than mobility and economic factors alone would dictate. By now, according to Hans Blumenfeld, "the overall density of American urban areas is about one fifth to one sixth of the density prevailing a century ago, when walking was the predominant mode of transportation."[20]

This means that an enormous amount of transportation of goods and people has to take place day in and day out just to keep the life of the city going. Much of this is commuting in the traditional sense of the term, i.e., movement of people living in the outskirts to and from work in the city center (this obviously creates all sorts of special problems because it is concentrated in a few hours in the morning and evening). But much more in the aggregate is of a different character: goods being supplied to economic units scattered all over the urban area; children going to and from school; shoppers getting to retail outlets and back home again; people getting together for social purposes; and a new and increasingly important kind of commuting, i.e., the going to and from jobs by workers who both live and work in the outskirts, which may

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involve relatively short trips in the same section but also may involve long trips from a section on one side of the city across the center to another section on the other side (with all possible variations in between). Except in the case of traditional commuting, which lends itself very well to the use of public transportation, almost all of this movement now takes place by private automobile. An impressionistic notion of how vast the volume of travel by private automobile has become can perhaps be derived from the following two items culled from recent issues of the *New York Times:* (1) According to a Gallup Poll, 81 percent of all American workers travel to and from work by automobile. (May 30, 1971); (2) The Associated Press reports that "American housewives average about 100 miles each week just in family chauffeuring and errands around town." (January 23, 1973). With the number of cars, the urban population, and the area of sprawl all steadily expanding, it is no wonder that pollution and congestion are coming to be experienced as the manifestations of an acute urban crisis;[21] or that the general factor of mobility which the automobile was in its golden age is increasingly turning into its opposite.

One final point needs to be made in this highly sketchy survey of the interrelation and interaction between the car and the city. When we speak of traditional commuting (outskirts to city center and back), we are talking primarily about a small number of cities which are both big and also old in the sense that they had railroad-dependent suburbs in the pre-automobile age—chief among them New York, Chicago, Philadelphia, Boston, and San Francisco. In addition, these are cities with highly developed business centers not directly related to production, embracing national or regional corporate headquarters, banking and insurance, shipping offices, and so on. While there has been considerable outward movement of such functions, on the whole the advantages of keeping them together, in a compact area within which rapid face-to-face communication is easily maintained, are so great that these central business areas have grown with the overall growth of the metropolis. As a consequence, too, other economic and cultural activities which are encompassed in the concept of "downtown"—hotels and restaurants, theaters and

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concert halls, museums, elegant department stores and specialty shops—have survived and even flourished.

Where these conditions are found, the city retains much of its traditional structure and character, despite the ubiquitous sprawl and the decaying slums and ghettos between downtown and the outer residential areas. But where these conditions are not found or are found in a relatively undeveloped form—and this is the case with most cities which have experienced most of their growth during the automobile age—there has been a strong tendency for the old urban structure to break down and a new one without historic precedent to take its place. The process of sprawl has brought with it a decentralization of most of the functions usually associated with downtown, with resultant emergence of a multiplicity of subcenters, each offering some of the services of downtown—shopping areas, branch banks, motels, restaurants, cinemas—but without any of its character or magnetism. When this stage has been reached, the city as a meaningfully organized and structured form of civilized living has disappeared in favor of an amorphous aggregate of people, dwellings, cars, roads, and economic units jumbled together in a more or less continuous and potentially ever-expanding geographical area. Los Angeles is the obvious prototype of this kind of urban area. It was vividly characterized as long ago as 1959, in a perceptive series of articles by Harrison Salisbury in the *New York Times,* as follows:

> Here, nestled under its blanket of smog, girdled by bands of freeways, its core eviscerated by concrete strips and asphalt fields, its circulatory arteries pumping away without focus, lies the prototype of Gasopolis, the rubber-wheeled living region of the future.
>
> Los Angeles is no longer a city as the term has been conventionally defined: Sam S. Taylor, general manager of Los Angeles traffic, calls Los Angeles a "mobile region."
>
> For anyone looking toward the future, toward the end result of the full autofication of the American metropolis, Los Angeles is the phenomenon to analyze most carefully.
>
> When Lincoln Steffens went to the Soviet Union just after the Bolshevik Revolution, he proclaimed, "I have seen the future—and it works."
>
> Today's visitor to Los Angeles might paraphrase Steffens and say, "I have seen the future—and it doesn't work." (March 3, 1959)

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Since that was written a great deal has happened, and it seems less likely today than it did then that the future lies with Gasopolis. The recently created federal Environmental Protection Agency has even proposed that, in order to cope with the smog problem, automobile traffic in Los Angeles should be cut by 80 percent through gasoline rationing. This was, to be sure, more for its shock effect than because the EPA or anyone else expects it to be taken seriously (one estimate is that an 80 percent reduction in auto traffic in Los Angeles would mean the loss of 400,000 jobs). Still, this, like the already noted change in the public attitude toward the Interstate Highway System, is one of many indications that urban development in the United States is entering a new period in which increasingly serious efforts will be made to transform the automobile from the master to the servant of people.

Any attempt to elaborate on this theme would take us far beyond the confines of an essay aimed at elucidating the role of the automobile in the genesis of the present urban condition.[22] I will only say in conclusion that while I believe certain palliatives to be possible, at least in principle, within the framework of the present monopoly capitalist system, I do not think that fundamental changes in the structure of cities and their relation to society as a whole can be effected without a radical change in the social order. In what I have called the traditional commuter situation, it should certainly be possible to bring about a great improvement in public transport both into and out of the inner city and also within the inner city. This, perhaps together with certain restrictions on the use of cars in the inner city, might do much to relieve congestion, particularly of the rush-hour variety. But it would leave untouched other kinds of movement within the metropolis which are much less susceptible to facilitation through improvement of public transport.[23] And it would do nothing to check, let alone reverse, the sprawl process.

To accomplish these ends, and at the same time to eliminate congestion and pollution and in other ways make the city a better place to live, it seems to me an absolutely necessary (though far from sufficient) condition that the causal link between the location of economic activity and profit anticipations has to be decisively broken. Only if a rational job pattern is planned and assured

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for years ahead will it be possible to develop new residential communities with appropriate population densities and efficient public transportation systems both within and between them. And this requires not only public ownership of land but also socialization of the entire investment process so that production can be guided not by profit but for the satisfaction of the people's needs.

NOTES

1. The Introduction in question was first published by Kautsky in 1903 and is not to be confused with the Preface to the 1859 work *The Critique of Political Economy*. It is actually the Introduction to the *Grundrisse der Kritik der Politischen Okonomie (Rohentwurf)*, which was not published in full until 1939. The quotation is from the East German edition of 1953, p. 20.
2. *Capital*, vol. 1 (Kerr ed.), pp. 418-422.
3. *Ibid*, p. 486.
4. In these notes I am drawing exclusively on my personal experience and acquired knowledge of conditions in the United States. But I believe that what is said applies, in the main, to the other imperialist centers in Western Europe and Japan.
5. Quoted in William V. Shannon, "The Untrustworthy Highway Fund," *The New York Times Magazine* (October 15, 1972), p. 121.
6. Unless otherwise stated, all figures come from the *Statistical Abstract of the United States*, various years.
7. *Monopoly Capital* (Monthly Review Press, 1966), p. 241 and *passim*.
8. I grew up in a suburb of this kind. Several years before the First World War my family moved from New York to a suburb across the Hudson River in New Jersey. Our house was around a mile in one direction from the town and the railroad station, about as far away as the commuters then lived. In the other direction, between our house and the River (which, except for the underwater Hudson Tube between lower Manhattan and the Newark/Jersey City urban area, could only be crossed by ferry in those days), there was more than a mile of untouched woodland. The spread of the automobile and the building of the George Washington Bridge across the Hudson totally transformed the region and its relation to the city in the manner analyzed in the text.
9. David S. Landes, The Unbound Prometheus: Technological Change and Industrial Development in Western Europe from 1750 to the Present (Cambridge University Press, 1969), p. 442.
10. Calculated from *Historical Statistics of the United States Colonial Times to 1957* (U.S. Government Printing Office, 2nd Printing, 1961), pp. 7, 139. The figure for 1908 is not exactly comparable to that for 1924 since the relevant National Income is the average for the years 1907-1911.
11. *Ibid*, p. 462.
12. *Ibid*, p. 458. The increase was down to 42 percent for the decade of the 1940s owing to the drastic curtailment of new construction during the Second World War, and comparable figures do not appear to be available for 1960 and 1970.
13. A ranking of U.S. manufacturing industries by ten-year average rate of return on capital (for the decade 1949-1958) shows Motor Vehicles and Parts first with 28.2 percent, while the second ranked industry trails with 23.2 percent. B. C. Minhas, *An International Comparison of Factor Costs and Factor Use* (Department of Economics, Stanford University, 1960), p. 80.
14. John Jerome, *The Death of the Automobile* (New York: W. W. Norton, 1972), p. 112. The title of Jerome's book, for better or worse, reflects wishful thinking more than fact, actual or prospective.
15. The following passage from John Jerome's lively study, cited in the previous footnote, illustrates the change in the public attitude toward roadbuilding which

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is now under way. Back in 1956, he points out, the roadbuilders exulted in the magnitude of their works: "How the press releases rolled! Four hundred square miles of pavement! One and a half million acres of new right of way! Excavations to bury Connecticut knee deep. Sand, gravel, and stone to build a wall around the world fifty feet wide and nine feet high. Concrete enough for six sidewalks to the moon .... [B]y 1971, local lawsuits or local government action had halted the construction of Interstate projects in fifteen major American cities .... It had become virtually impossible to gain acceptance for a new Interstate in any urban area, and many rural segments of the plan ... were in trouble.... The sea change in the American mood is precisely characterized by the Bureau of Roads' press releases. When the Interstate was initiated, consumption of a million and a half acres of right of way or four hundred square miles of forest was fit material for boasting; now it has become a shameful admission." *Ibid,* pp. 105-106. This changing public attitude doubtless portends other significant changes in the period ahead. This is a subject, however, which falls outside the scope of the present essay.

16. Ibid, p. 113.
17. It is true that what are now sometimes called exurbs, lying 50 miles or more from the city center, have some of the characteristics of the older type suburbs. But there are no structural features such as were imposed by dependence on rail transport which protect them from being swallowed up in their turn. This indeed seems likely to be their ultimate fate as long as population continues to grow and there is no basic change in the socio-economic system.
18. The Boston-Washington region—which includes New York, Philadelphia, and Baltimore, as well as a number of lesser but still large cities—has been subjected to intensive study by the French geographer Jean Gottmann (Megalopolis: The Urbanized Northeastern Seaboard of the United States, New York, 1961). Gottmann naturally has to deal with the automobile in many contexts, but he appears not to be aware of its decisive role in the dynamics of the process under study, a fact which is perhaps best explained by the book's total lack of any coherent theoretical framework.
19. In the language of North American urban planners, "developed" land is that which is actually used for any urban purpose (including parks), while all other land within the urban area is "open" or "undeveloped."
20. Hans Blumenfeld, "Criteria for Judging the Quality of the Urban Environment," *The Canadian Architect* (November, 1972), p. 47.
21. This is without taking into account the social and environmental pathology of the decaying inner city.
22. Let me add that this limitation of scope has also precluded more than passing allusions to the qualitative aspects of that condition. In particular the differential impact of automobilized urbanization on various income levels and social groups has been almost totally omitted. The poor who cannot afford cars and the elderly and handicapped who are unable to make use of them regardless of their income are either effectively immobilized or confined to very limited and usually decaying areas. This adds a tragic dimension of helplessness and misery to millions of already blighted lives.
23. In making judgments of this kind one is likely to be influenced by one's personal experience. I live in the New York metropolitan area in what used to be an old-style suburb. With a suitable improvement in the commuter railroad service and the inner-city subway-bus-taxi network—both of which are now in bad shape—I can easily imagine that I would hardly ever be tempted to drive into the downtown area. On the other hand, I also find it hard to imagine even an elaborate public transportation system which would satisfactorily substitute for the private car in the various other kinds of movement that are necessary for everyday living in the metropolis.

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Sweezy v. New Hampshire: the Radicalism of Principle

by John J. Simon

Before the founding of *Monthly Review,* Paul Sweezy had been an instructor at Harvard and the author of germinal works on the American economy. But his teaching and writing were always accompanied by vigorous engagement with the political movements of the time: he helped organize the Harvard Teachers' Union, taught economics at the leftist Samuel Adams School in Boston, and, in 1948, took a leading role in Henry Wallace's presidential run on the pro-New Deal and anti-Cold War Progressive Party ticket in his home state of New Hampshire. As he often did, Sweezy combined his support of the Wallace third party challenge with his ongoing advocacy of socialism.

This, along with a lecture on Marxism he gave at the University of New Hampshire, attracted the attention of New Hampshire Attorney General Louis C. Wyman, then charged by the state legislature with an investigation of "subversive activities." In January 1954, Sweezy was subpoenaed. Wyman was especially interested

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in whether Paul thought socialism was inevitable, whether he "advocate[d] Marxism," and whether in this "or any former lectures [he] espoused the theory of dialectical materialism."

Sweezy's subpoena, the demand that he reveal his personal political views, the investigation of his political activities, and, finally, the demand for the names of others with whom he was active were a part of the larger "anticommunist" purge against militant trade unionists, opponents of the Cold War, and the remnants of the New Deal coalition which burgeoned at the end of the Second World War. Thousands of careers were destroyed; institutions and movements of the left were marginalized. For radicals and dissenters, how they would resist became a burning question. After the Hollywood Ten were sent to prison for asserting their right to refuse to discuss their political views with Congressional inquisitors (in 1947)—the so-called First Amendment defense—it was assumed that only the Fifth Amendment's privilege against self-incrimination provided reasonable safety from contempt citations, trumped-up perjury charges, and jail. Indeed, for trade unionists indicted for purportedly violating the new Taft-Hartley law's anti-Communist provisions and those caught in the spy hysteria following Mao's victory in China and the Korean War, there was little option but to use the "Fifth."

In 1953, Albert Einstein (also part of the extended MR family—his "Why Socialism?" appeared in the first issue) proposed a renewed First Amendment attack on the very legitimacy of the purge; at the time, it must have seemed quixotic at best. Yet that is what editors and writers for *Monthly Review*, among others, did. In July 1953, founding editor Leo Huberman and frequent contributor Harvey O'Conner were called before Senator McCarthy. Both challenged the authority of his Committee, citing the First Amendment's freedom of expression guarantees. Huberman, directly confronting McCarthy, when asked how his views "deviated" from those of Communists, said, " I want to make it crystal clear that communism is not the issue ... the issue [is] my right as an author and editor to pursue my occupation."

Pursue it MR's editors did. In a special issue that year on "The Roots and Prospects of McCarthyism" contributors were mainly, and correctly, pessimistic about halting what seemed to be the

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flood-tide of witch-hunting; some even worried about the advent of an American variety of Fascism.

Paul's defiance of the local New Hampshire inquisitors was more than an act of personal principle. He refused to be drawn into questions of how people chose to defend themselves. While not asserting the privilege against self-incrimination, he defended that position as a necessary choice; he supported all who resisted the invasion of political liberties no matter how they did it. For Sweezy and Huberman, freedom of expression was not some abstract construction, but a necessary tool for their analysis of the world-wide struggle against imperialism, exploitation, and the other ills of capitalism, and for their advocacy of social justice.

Sweezy was convicted of contempt and his case wound its way through state and federal courts. In June 1957, the Supreme Court reversed Paul's conviction in a decision widely seen as part of the end of the witch-hunt. But MR's editors offered a different view. In 1954, they noted the beginning of the decline of McCarthyism. What had happened? With characteristic clarity, they noted that American big business and its allies had achieved its objectives: the large industrial unions had been domesticated and there was a consensus in support of Cold War objectives in international policy. The extreme right had served its purpose and could now be reined in. The Cold Warriors, both liberal and conservative, would return to business as usual.

We still live with the consequences of those times.

Statement to the New Hampshire Attorney General

by Paul M. Sweezy

> What follows is Paul Sweezy's statement defying the New Hampshire Attorney General's inquiry into his political views and associations, as it appeared in the U.S. Supreme Court's decision in *Sweezy v. New Hampshire*, June 17, 1957 (354 U.S. 234).

Those called to testify before this and other similar investigations can be classified in three categories.

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First there are Communists and those who have reason to believe that even if they are not Communists they have been accused of being and are in danger of harassment and prosecution.

Second, there are those who approve of the purposes and methods of these investigations.

Third, there are those who are not Communists and do not believe they are in danger of being prosecuted, but who yet deeply disapprove of the purposes and methods of these investigations.

The first group will naturally, and I think wholly justifiably, plead the constitutional privilege of not being witnesses against themselves. The second group will equally naturally be cooperative witnesses. I know because I belong to this third group, and I have been struggling with its problems for many weeks now. I would like to explain what the nature of that dilemma is. I think it is important that both those conducting these inquiries and the public should understand.

It is often said: If a person is not a Communist and has nothing to fear, why should he not answer whatever questions are put to him and be done with it? The answer, of course, is that some of us believe these investigations are evil and dangerous, and we do not want to give our approval to them, either tacitly or otherwise. On the contrary, we want to oppose them to the best of our ability and persuade others to do likewise, with the hope of eventually abolishing them altogether.

Our reasons for opposing these investigations are not captious or trivial. They have deep roots in principle and conscience. Let me explain with reference to the present New Hampshire investigation. The official purpose of the inquiry is to uncover and lay the basis for the prosecution of persons who in one way or another promote the forcible overthrow of constitutional forms of government. Leaving aside the question of the constitutionality of the investigation, which is now before the courts, I think it must be plain to any reasonable person who is at all well informed about conditions in New Hampshire today that strict adherence to this purpose would leave little room for investigation. It is obvious enough that there are few radicals or dissenters of any kind in New Hampshire; and if there are any who advocate use of force and violence, they must be isolated crackpots who are no danger to

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anyone, least of all to the constitutional form of government of state and nation. The Attorney General should be able to check these facts quickly and issue a report satisfying the mandate laid upon him by the legislature.

We do not know the whole story, but enough has come out to show that the Attorney General has issued a considerable number of subpoenas and has held hearings in various parts of the state. And so far as the available information allows us to judge, most of those subpoenaed have fallen into one or both of two groups: first, professors at Dartmouth and the University of New Hampshire who have gained a reputation for liberal or otherwise unorthodox views, and, second, people who have been active in the Progressive Party. It should be specially noted that whatever may be thought of the Progressive Party in any other respect, it was certainly not devoted to violent overthrow of constitutional forms of government but on the contrary to effecting reforms through the very democratic procedures which are the essence of constitutional forms of government.

The pattern I have described is no accident. Whatever their official purpose, these investigations always end up by inquiring into the politics, ideas, and beliefs of people who hold what are, for the time being, unpopular views. The federal House Committee on Un-American Activities, for example, is supposed to investigate various kinds of propaganda and has no other mandate whatever. Over the years, however, it has spent almost no time investigating propaganda and has devoted almost all of its energies to "exposing" people and their ideas, their affiliations, their associations. Similarly, this New Hampshire investigation is supposed to be concerned with violent overthrow of government, but it is actually turning out to be concerned with what few manifestations of political dissent have made themselves felt in the state in recent years.

If all this is so, and if the very first principle of the American constitutional form of government is political freedom—which I take to include freedoms of speech, press, assembly, and association—then I do not see how it can be denied that these investigations are a grave danger to all that Americans have always claimed to cherish. No rights are genuine if a person, for exercising them,

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can be hauled up before some tribunal and forced under penalties of perjury and contempt to account for his ideas and conduct.

Let us now return to the problem of the witness who would have nothing to fear from being what is nowadays styled a "friendly" witness, but who feels deeply that to follow such a course would be a betrayal of his principles and repugnant to his conscience. What other courses are open to him?

He can claim the privilege not to be a witness against himself and thus avoid a hateful inquisition. I respect the decision of those who elect to take this course. My own reason for rejecting it is that, with public opinion in its present state, the exercise of the privilege is almost certain to be widely misinterpreted. One of the noblest and most precious guarantees of freedom, won in the course of bitter struggles and terrible suffering, has been distorted in our own day to mean a confession of guilt, the more sinister because undefined and indeed undefinable. It is unfortunate, but true, that the public at large has accepted this distortion and will scarcely listen to those who have invoked the privilege.

Alternatively, the witness can seek to uphold his principles and maintain his integrity, not by claiming the protection of the Fifth Amendment (or the Fifteenth Article of the New Hampshire Bill of Rights), but by contesting the legitimacy of offensive questions on other constitutional and legal grounds.

Just how far the First Amendment limits the right of legislative inquiry has not been settled. The Supreme Court of the United States is at this very moment considering a case (the Emspak case) which may do much to settle the question. But even before the Court has handed down its decision in the Emspak case, it is quite certain that the First Amendment does place some limitations on the power of investigation, and it is always open to a witness to challenge a question on the ground that it transgresses these limitations and, if necessary, to take the issue to the courts for decision.

Moreover, a witness may not be required to answer questions unless they are "pertinent to the matter under inquiry" (the words are those of the United States Supreme Court).

What is the "matter under inquiry" in the present investigation? According to the Act of the New Hampshire legislature directing the investigation, its purpose is twofold: (1) "to make full and

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complete investigation with respect to violations of the subversive activities act of 1951," and (2) "to determine whether subversive persons as defined in said act are presently located within this state."

I have studied the subversive activities act of 1951 with care, and I am glad to volunteer the information that I have absolutely no knowledge of any violations of any of its provisions; further, that I have no knowledge of subversive persons presently located within the state.

That these statements may carry full conviction, I am prepared to answer certain questions about myself, though in doing so I do not mean to concede the right to ask them. I am also prepared to discuss my views relating to the use of force and violence to overthrow constitutional forms of government. But I shall respectfully decline to answer questions concerning ideas, beliefs, and associations which could not possibly be pertinent to the matter here under inquiry and/or which seem to me to invade the freedoms guaranteed by the First Amendment to the United States Constitution (which, of course, applies equally to the several states).

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Michael Parenti Lecture to Inaugurate the Marxist School of Sacramento

Michael Parenti, author of fourteen books and one of the nation's most popular progressive speakers, will deliver a public lecture entitled "Democracy vs. Capitalism: from NATO to WTO" in Sacramento, CA at the Hart Senior Center, 915 27th Street, on May 13, 2000 at 7pm.

The lecture is the inaugural event for the Marxist School of Sacramento, which is an outgrowth of a *Monthly Review* discussion group that has been meeting for more than six years. For information about the school, the discussion group, or Parenti's lecture, call 916-446-1758.

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Happy Birthday, Paul!

In honor of Paul's 90th birthday, we asked a number of people from different walks of life—trade unionists, radical activists, academics, and longtime friends—to write short tributes to Paul.

—John Bellamy Foster and Robert McChesney,
Editors of this issue

Samir Amin:

I met Paul Sweezy first through my reading of *The Theory of Capitalist Development* (1942). I was a student in Paris in the early 1950s. Most of the economic Marxist literature at that time simply repeated what Marx had written in *Capital*, without adding anything. That reminded me of the Islamic theological production, reduced to "Comments of the Koran," then repeating endlessly "Comments of the Comments." Paul's book just proved—and convinced me immediately—that Marxism could be used in another, creative manner, powerful for the analysis of really existing capitalism. Paul, of course, pursued that direction. He identified a real and major problem of capitalist reproduction, whose solution could be found within the framework of an analysis restricted to the study of the relation between the two departments (production of means of production, and production of consumption goods) of Book Two of *Capital*. For that purpose, he and Baran introduced a new concept, that of surplus, and conceived a third department (for absorption of the surplus). That was also, for me,

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a gigantic step in the development of creative Marxist political economy.

I met Paul, physically, later—in the early 1970s in New York. I immediately felt a deep respect and developed a fraternal friendship with him, Harry Magdoff, their families, and all the colleagues of the *Monthly Review* team, not only for their intellectual qualities and exceptional lucidity, reflected in the magazine and in the books published by Monthly Review Press, but also for their enormous personal political courage. Paul and his friends at *Monthly Review* stand in the "heart of the beast," in the center of the major imperialist power. Yet they never hesitate to support the people victimized by U.S. imperialism in Latin America, Asia, and Africa, and never make the least concession in that respect. In the most dramatic time, that of McCarthyism, Paul and Harry stood among those few individuals who gave Americans and the peoples of the whole world a most beautiful example of courage.

That lucidity and rigor of thought, that courage, call immediately for total respect and warmest love.

Nicholas Baran:

I have known Paul since I was a little boy, when Paul and my father, Paul Baran, were close friends and collaborators. I spent many an evening listening to the two Pauls discuss issues which I barely understood, but knew to be of great importance. After all, there was a picture on the wall of the two of them, along with Leo Huberman, visiting with Fidel Castro! Paul has been like an uncle to me, and it is a great honor to be able to congratulate him on his 90th birthday in the publication to which he devoted his long and distinguished career. Happy Birthday, Paul!

Rosalyn Fraad Baxandall:

My parents were in the Communist Party and their politics seemed troglodyte to me in high school. Somehow, rummaging in their belongings, I found Albert Einstein's "What is Socialism?" I read it, had friends read it, and suddenly socialism made sense to me. During the movement, we followed MR and put the Vietnam War in the context of U.S. imperialism. *Fanshen* had an enormous

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impact on the women's liberation movement. Consciousness-raising (a major practice and theory of second-wave feminism) came directly from the *speak bitterness* campaigns. Thank you, Paul, for enriching my (and the movement's) life.

Grace Lee Boggs:

Marx would have been proud of a long-distance runner like Paul. I know I am.

Anne Braden:

Paul's brilliant intellect and clear vision have made him a beacon for many decades to people across this country who are working to build a just society. He has stood firm in his conviction that human beings truly are capable of creating an equitable social order and he has never wavered in the face of all of the temporary winds that blow and tell us otherwise. Thus, he sets an example for younger generations and for all those who might get discouraged when change does not come quickly enough. I believe his influence will live on far into the future and will make a difference in the lives of generations yet unborn.

Paul Buhle:

No individual has had a more profound direct and indirect impact upon Marxism in the United States than Paul Sweezy, whose work in MR and outside has prompted a profound shift in the way the modern nation-state is viewed. Working at the heart of the evolving global system, Sweezy has seen with clear eyes the fall of centuries-old empires as prelude to the consolidation of a neo-imperialism threatening the planet itself. Happy 90th birthday and please, many more!

Pablo Gonzalez Casanova:

The intellectual presence of Sweezy in the twentieth century and the beginning of the twenty-first is admirable. In Sweezy, a firm intellectual will to understand and change the world in favor of the victims of the system stands out. His intellectual work reveals the real and conceptual novelty of the historical categories of

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Marxism. He fights from the academy beside the workers and the common people. He truly realizes his vital goal: "To take part in establishing a serious and authentic North American brand of Marxism," as he wrote in his *Four Lectures on Marxism* (Monthly Review, 1981).

In all of Sweezy's research projects, the study of monopoly capitalism and his desire to link the struggle for socialism with programs for democracy stand out. His theory of the development of capitalism from its feudal origins to its socialist transformations occupy an important place among the most original theses of contemporary Marxist theories. With Paul Baran, he takes a fundamental epistemological, ethical, and political step when he studies imperialism as an internal phenomenon, not just as an external one. From the "entrails of the monster," he saw his own country as a victim of an oppressive system. Sweezy combines the change of emphasis toward the internal and the universal, which characterizes the new left, with a critical approach to "actually existing socialism." He supports the struggle for the liberation of nations—for instance, that of Cuba—and the project of a radical democracy in the United States as well as in the rest of the world.

Sweezy had to renounce his position as a professor at Harvard. He suffered the McCarthy judicial persecutions. When he refused to answer the judges' questions, he was sentenced to jail. He had to appeal twice for the Court to suspend the sentence. Among his best-known collective and permanent works is *Monthly Review* (founded in 1949), which he first published with Leo Huberman and now publishes with Harry Magdoff. The intellectual and moral elegance of Paul Sweezy places him among the best North American intellectuals.

Noam Chomsky:

It's a real pleasure to join the tribute to Paul Sweezy for the marvelous work that he has done for so many years. He has been an inspiration to generations of young people, as I know from personal experience, and a continuing source of enlightenment, understanding, and always inspiration as well, for those of us who have been fortunate enough to follow his great contributions over the years. Paul has touched many minds and many lives, very

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profoundly, and the world is a much better place for it. And I know that I am only one of a very large company who not only thank Paul for all he has done but also look forward with eager anticipation to what is sure to lie ahead.

Doug Dowd:

Back in the 1940s, I came across a poem by Stephen Spender that began, "I think continually of those whose were truly great" ... and that concluded

> The names of those who in their lives fought for life
> Who wore at their hearts the fire's centre.
> Born of the sun they travelled a short while towards the sun,
> And left the vivid air singed with their honour.

I do not think continually "of those who were truly great" but usually when I do think of those considered great, it is more likely to be with scorn than with respect. However, for many decades now, when I have thought of Paul, it is increasingly of him as truly great—as a human being, as an "intellectual radical" (which Baran contrasted with "radical intellectual"), and in his utter devotion to the creation and ongoing life of MR.

For me, the beginning was Paul's *The Theory of Capitalist Development* (1942). That book made a coherent whole out of Marx for me, for which I am forever indebted. And then, at the very moment when the Cold War and McCarthyism were being institutionalized, Paul and Leo (with the critical help of F.O. Matthiessen) created *Monthly Review.*

MR was a source of both nourishment and vitality for those countless years in which the likes of us were meant to be incarcerated (literally for some, figuratively for the rest), suffocated, demoralized. For lefties like us, MR was food supply and oxygen—providing a steady flow of information and analysis and, very importantly, an outlet for our own thought and work. I choose not to imagine what the past fifty years would have been like without MR, without Paul, without Leo and Gertrude and Sybil and then the other Paul and Judy and the two Harrys, making it and keeping it vibrant for who knows how many of us over time. Bless MR, and all those marvelous human beings.

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Also, for those fortunate enough to know Paul face-to-face, not least wondrous is that though he has a deeply dour view of the past, the present, and the future that has not slowed but energized him, he has never ceased to probe deeply and to write splendidly, in words comprehensible to all concerned—just as though there is hope for the future; as indeed there is, so long as we all do what we can and must do. Nor shall I ever forget when, in the midst of the horrendous Fifties, Paul stiffed the great state of New Hampshire's demand that he state his political views and got us all a Supreme Court decision protecting the First Amendment. I hate to stop, but I must note this: how, when Paul makes a point, it is almost always accompanied by that lovely, wry smile of his. He is an inspiration for all of us.

A few years ago, I dedicated a small book of mine to Paul, "who has meant so much to so many of us for so many years." An understatement, if there ever was one.

Have a good 90th, Paul.

Richard DuBoff:

I began graduate study in economics in 1960 and quickly became discouraged and angry at the sterility and innate conservatism of it. Then I discovered Paul Sweezy's kinked oligopoly demand curve, and not long after that—I don't recall how—I came across *The Theory of Capitalist Development* and *Monthly Review*. So a serious economist could do things like this after all! For me, everything Paul wrote fell like water on a parched landscape; I still wonder where my head would be today without him.

"Everyone knows that the present will some day be history," Paul told us in *The Present as History* (1953). "I believe that the most important task of the social scientist is to try to comprehend it as history now, while it is still the present and while we still have the power to influence its shape and outcome."

Barbara Ehrenreich:

Paul Sweezy played an important part in my education, and not only through the pages of *Monthly Review*. In 1969, he and Harry Magdoff invited a few of us young radicals to come and talk to them about the issue our group was involved in—health care. This in

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itself was unusual; most older leftists at the time were a lot more interested in telling younger people what to do than in hearing about what we were already doing. But Harry and Paul listened patiently while we described the health care problems of low-income New Yorkers and our efforts to help them organize for better care. My job, for which I had carefully prepared, was to explain the broad outlines of the American health care system. It cost too much and served too few, I reported (much as I could today, three decades later.) The parts didn't fit together, people fell through the cracks or never managed to find care in the first place. In fact, I concluded, the American health system wasn't a system at all—it was a mess.

Paul's quiet response was, in so many words: Oh, but it is a system; it's just a system for doing something else. Then for the first time I could see the parts fitting together, the gears of the huge gerry-rigged structure finally meshing, the machine working just fine—grinding out profits. There was nothing conspiratorial about the vision Paul planted in my mind, just a basic insight into capitalism: The purpose, and the motive force of any industry, is profits. Health care is just a byproduct of the health system, just as, for example, food is a byproduct of agribusiness and information is a byproduct of the corporate media.

I doubt if Paul remembers this meeting, or his comment to me. But after that, a lot of things fell into place for me, and not only about health care. I was a reformer, I began to become a socialist. Now that I am part of an older generation myself, this incident inspires me another way: If one little comment from Paul could have affected me so much, maybe something I say or write today will have a vast and unforeseen effect on someone else, some younger version of myself.

Bill Fletcher, Jr.:

In meeting Paul Sweezy, I felt that I was engaging a person who had upheld the socialist banner during the best and worst of times. It was once said that the test of a person's character is to be found not during the good times, but during the moments of adversity. Paul Sweezy has demonstrated, time and again, his commitment to socialist politics and his determination to advance Marxism

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precisely at those moments when others have been willing to forsake the future for illusory satisfaction in the present.

Andre Gunder Frank:

Of Paul's many merits, I would like to emphasize his exceptional flexibility in developing, accepting, and encouraging others to consider revised and often altogether new theoretical, programmatic, and policy positions (including mine) in response to changing world circumstances.

Anyone who has followed Paul's writings or MR will not need my guidance on these many momentous changes. I also wish to remark on two inflexibilities: These changes in praxis never sacrificed Paul's inflexible adherence to his fundamental political, ethical, and human priniciples. And speaking of the latter, like so many others I have also benefitted from the inflexible personal loyalty and friendship that Paul has shown to generations of fellow travelers on the road to a better world. Thank you, Paul, for everything—including our family heirloom, a little teddy-tiger you gave my son Paul in 1964, which has only just left his desk to be passed on to his newborn daughter Laura.

John Kenneth Galbraith:

This is a note of obligation and admiration for Paul Sweezy. I arrived in Cambridge as a young Harvard instructor in 1934. It was at the depth of the Great Depression which, though it had no major effect on some of the senior economic faculty, was of pressing interest for the young. Did the system really work? Leading the youthful discussion was Paul Sweezy; here was the first stage of a lifelong friendship. I was less certain, possibly more cautious, in my views than Paul. That did not prevent me from regarding him as a dominant voice of the time. That respect and friendship endured for the next near-seventy years. It is with great pleasure that I join in this tribute to an old friend and one of the durable and relentless social scholars of our time.

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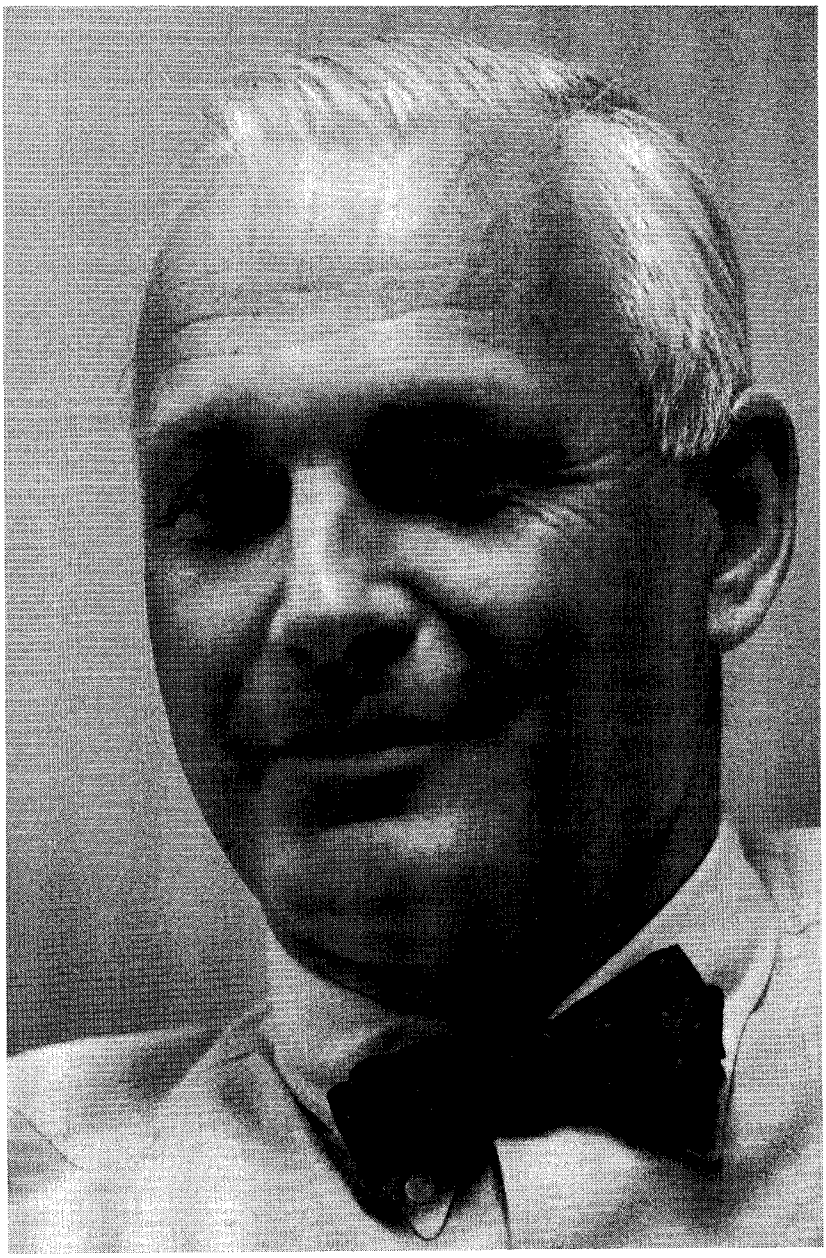

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Martha Gimenez:

When I think of Paul Sweezy, it is not primarily as editor of Monthly Review, or the author of important books, or as the stalwart intellectual who has remained steadfast in his commitment to social justice and the possibility of a better world, although these are all vital aspects of his life and influence. I think of him principally as a teacher, for I believe that when he wrote *The Theory of Capitalist Development*, with incomparable clarity, he became the teacher of generations of young scholars who found his work crucial for venturing into the complexities and challenges of Marx's *Capital* and Marx's method. I "met" Paul Sweezy many years ago, as a student and his student I remain. Thank you Paul, and happy birthday!

Joan Greenbaum:

There are so many wonderful stories to tell about Paul Sweezy, but the first one which comes to mind, is about the first time I met him. I was taking a course at the New School called *Capital*, Vol. I. Somehow I had thought that it would be a small seminar, but when I came in, the room—a large, auditorium-sized space—was full to overflowing. A thin man walked up to the podium, adjusted his glasses, and hitched up his pants. Then after clearing his throat he began in that quiet and careful tone. He told us a story about a letter written by Engels to Marx, in which Engels tried firmly to tell Marx that Chapter 1, the definitions of value, was not a good place to begin. Engels' advice was to begin with history; something like the section on Manufacturing which people had experienced and could understand. While the advice seems to have been wasted on Marx, it wasn't on us, the students of the early 1970s. We formed study groups as he suggested and plowed right into the section on Manufacturing. Thank you, Paul!

Robert Heilbroner:

Many contributors to this celebration can describe Paul Sweezy's contributions to economics better than myself. I nonetheless write on this occasion because I hope to speak for many who, like myself, owe Paul a great debt that escapes easy description.

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My story begins in 1936, when I entered Harvard University. In those days, one took four courses a year, at fifty dollars each. One course had to be in science. I chose botany and learned two words that have stayed with me, xylem and phloem; I also attended a lecture series on history of which not a trace remains in my memory, a seminar on William James which led to several more in philosophy, and a survey of art that continued all my life.

My second year was better. I took a course in economics because it was clearly the road to business success. The course was organized into small sections presided over by junior faculty, all teaching from a common textbook which mentioned the Depression twice in its four hundred pages. My own section head was one Paul Sweezy, who quietly explained a text very far from his own ideas, perhaps because he knew that its author, Alvin Hansen, chair of the department who had shrugged off Keynes' newly published *General Theory*, was (perhaps still unknown to himself) fast becoming Keynes' most passionate American voice.

For whatever reason, I decided to major in economics. I was thereupon assigned none other than the same Paul Sweezy as my tutor, with whom I met weekly. I was becoming vaguely aware of Paul's interest in Marx, but he never had me read *Capital*. Thorstein Veblen's *Theory of the Leisure Class* taught me that there was more to business success than economics. Two years later, I reached the finals. Paul had encouraged me to dig into Keynes, about whom I wrote with passion; fortunately, there was no calculus on the exam and Alvin Hansen was its chief judge. I got a summa.

After the war, I had the good fortune of finding the New School for Social Research, very different from Harvard. I saw Paul only occasionally but he encouraged me to turn to the German intellectuals who were the spirit of the school—especially my mentor, Adolf Lowe, who gave me my first taste of a kind of sociological political economy. About this time, I began to write books, inspired largely by Paul or Adolf or both. Actually, I did not see Paul much in those days but I talked with him constantly—not in person but in my head. That conversation still continues as I have turned more and more to a consideration of the growing tendency of economists to consider their work a science. Never mind the disappearance of social formations, of power and obedience, of social norms

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and class interests, all central to economic thought as Paul and I still silently discussed it.

I rather doubt that Paul was ever aware of his voice within my head, but I am certain he knew of such a connection with many others, like himself in search of a perspective from which one could better grasp the world. Marx is no doubt indispensable for that task, but not exclusively—at least, that is what I seem to hear Paul telling me. Perhaps I misinterpret his voice, but I feel on sure ground when I salute his remarkable capacity to enter into our thoughts. This is a gift, and I know that many will join me in expressing our great indebtedness.

Edward Herman:

Paul Sweezy had an important effect on my own thinking and writing. For one thing, his *The Theory of Capitalist Development* was the clearest and most compelling exposition of Marxian thought I had ever read, and as such it influenced me and and many others looking for elucidation of a body of thought usually hidden in obscure verbiage. *Monopoly Capital* and the stream of articles by Paul and others in *Monthly Review* continued to give an earthy, intelligible, and coherent Marxian and general left perspective that has been very important in keeping a left flame alive over a half century that has not been kind to the left. But Paul has never flagged in the good fight, and in his long committment to the struggle for a humane society, he has provided a model of the public intellectual almost without a rival.

Michael Löwy:

With his critical examination of the uneven and combined process of capitalist development and of the world domination of monopoly capital, Paul Sweezy provided intellectual and political weapons for all those—from New York to Cape Town, from New Delhi to Dakar, from Paris to Sao Paulo—who tried to fight the Empire. He helped several generations of Marxists to understand and to struggle against the established order of things. We will need him also in the twenty-first century.

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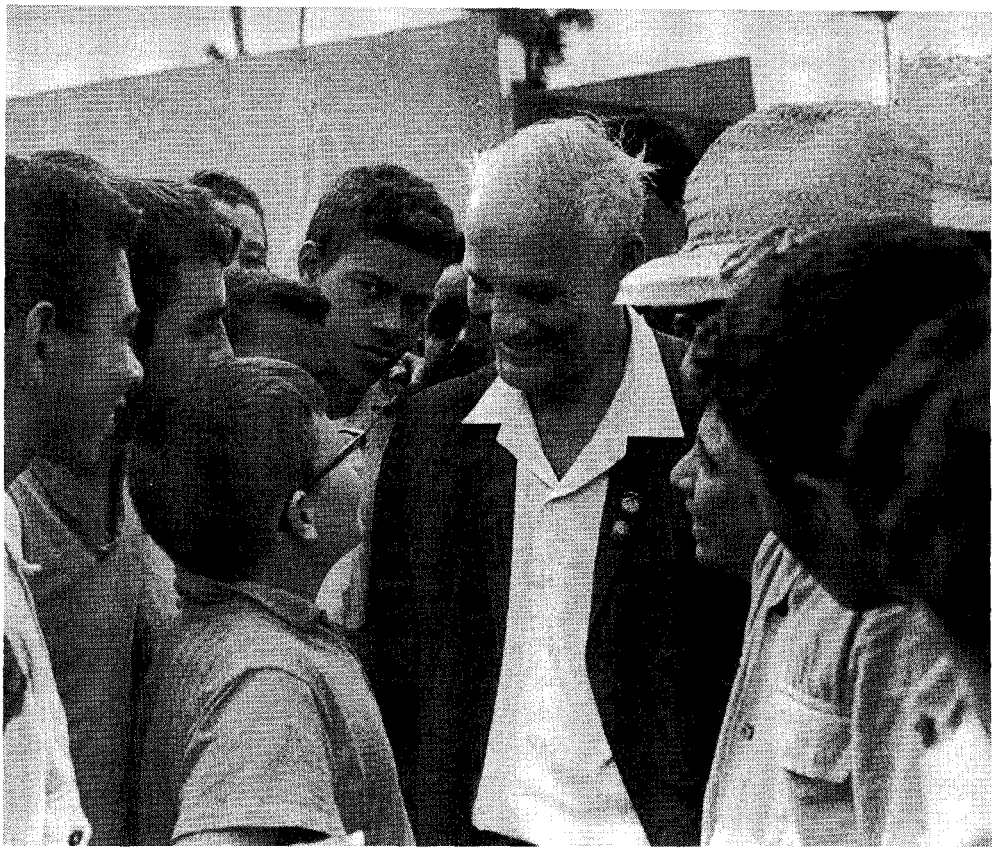

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István Mészáros:

Without realizing that Paul Sweezy's 90th birthday was around the corner—and it cannot be very far now for Harry Magdoff, his soulmate and comrade in arms—I dedicated a study of some burning issues of our time to them. The inscription read, "This study is dedicated to Harry Magdoff and Paul Sweezy, whose contribution in the last fifty years—in their books and as editors of *Monthly Review*—to our awareness of imperialism and monopolistic development has been second to none."

I wish to reiterate the same thought on the present occasion, making only explicit my great admiration for the immense moral and political courage which made it possible to maintain a prespective that must be shared by all those who care about the very survival of humanity. In an age when the temptations for yielding to the powers of mystification and destruction are so dominant, the lucidity and consistency with which this perspective has been elaborated and sustained, in five decades of numbing adversity, remain exemplary.

Leo Panitch:

The fact that Paul Sweezy was the only one of the over fifty distinguished contributors to *The New Palgrave* volume on Marxian Economics who was also himself the subject of a biographical entry is testimony enough to the role he has occupied for seven decades as one of great thinkers of the twentieth century. But his enormous contribution must also be measured in his role as an institution-builder for the left: founding *Monthly Review* in the face of McCarthyism and keeping it going decade after decade amidst the mixture of hostility and indifference of American bourgeois culture and the weakness and divisions of the left itself has been a heroic achievement. Through this remarkable combination of theory and practice, he has magnificently lived up to the definition of the vocation of the historical materialist which he set down in 1940 when he was only thirty years old:

> The Marxist historian ... is interested in history not primarily for its own sake but because he believes that only through the study of the past is it possible to diagnose the present and plan for the future. Consequently he tries to cut through the outer crust of

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> people's beliefs and emotions to the underlying forces of historical change which he finds in the economic structure of society and the class interests which it generates. Orthodox history is good if it satisfies its readers; Marxist history is right if it provides a valid guide to practical activity. (*The Present as History*, pp.153-154)

Frances Fox Piven:

For six decades, Paul Sweezy has been a leading luminary of the left, not only in the United States, but across the globe. His work has, almost singlehandedly, kept Marxism alive and relevant as an explanatory framework, and has also broadened and elaborated that framework so that it spoke directly to ongoing developments in capitalism. Everywhere, activists and intellectuals on the left have turned to Sweezy (and to MR) for penetrating analyses of contemporary developments, always with absolute confidence that he was bound neither by state orthodoxy, or by organizational opportunism, or by timidity and a fatalist pessimism that so often silences critical voices. So we honor Paul, we treasure him, and we thank him for his life's work. May he long continue.

Robert Pollin:

Paul Sweezy was my first economics professor. He taught "Reading and Using *Capital*" in the Spring 1975 semester at the New School, my first term as an economics graduate student. There was an electric feeling among New School students as we signed up for Paul's course. I remember telling the student advisor that having Paul Sweezy teach me *Capital* would be like having Abraham Lincoln teach the Civil War.

The course lived up to its advance billing. Paul took us through the most important issues in *Capital* and many obscure but still fascinating ones—sharing his wisdom, erudition, sense of purpose, and sense of humor in his uniquely unadorned yet compelling style. Paul's teaching and writing have remained a deep resource for me, starting with my doctoral dissertation, which was inspired by his now so obviously prescient series of MR articles in the 1970s and 1980s with Harry Magdoff on contemporary speculative financial markets.

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Given Paul's stature as a world-renowned economist and mine as a lowly graduate student when we first met, it was hardly inevitable that we would become friends. But one of the remarkable qualities about Paul is his eagerness to listen—really, truly listen—to other people, no matter who they are and what they say. This has kept Paul's thinking fresh all these years, as well as simply making him great fun to be around.

An interesting exercise in the history of economic thought is to read Schumpeter's *Capitalism, Socialism, and Democracy* with the knowledge that, at the time of its writing, Paul was working closely with Schumpeter at Harvard. It becomes clear that Paul is Schumpeter's model of the type of person who could make a socialist society work.

I could not imagine a radical left in economics today without Paul's contributions. And though we remain an embattled minority, Paul has showed us how to stick to our principles and do our work.

Lukin Robinson:

Best wishes and congratulations to Paul. What a magnificent ninety years, filled with notable achievement and deserved acclaim. Your *Theory of Capitalist Development* was a landmark—now almost sixty years old—in Marxist scholarship and popular education and continues to be a treasured and requently referred-to book on my shelves. And how would we have managed without *Monthly Review*?! Long life and good health to you: "biz a hundert un tsvanzig yar."

Annette Rubenstein:

Pushing an open door to sell me a sub to a new magazine in 1949, my literary friend, the late Lionel Berman, said: "You'll never believe this, Annette, but Paul Sweezy's an economist who actually writes English."

Indeed he did, and does. For some years after buying that sub I knew Paul only on the printed page, enjoying the seemingly effortless graceful sentences that made difficult arguments easy to follow and hard to forget. When, happily, we became friends, I found how truly the style represented the man. He too was self-assured, unpretentious, gentle yet uncompromising, logical, roman-

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tic, not only willing but actually eager to entertain strange ideas and consider contradictions.

Together with countless others, I am deeply grateful to Paul Sweezy for making an art of the dismal science. And, as we celebrate our 90th birthdays together, I must thank him for confirming my faith in the intellectual as a socialist man.

Pete Seeger:

I was a student at Harvard when Paul was an instructor there. What a long and glorious life he's had teaching us all.

Daniel Singer:

When we first met, for me like for many people in Europe, Paul Sweezy was not only the original and profound analyst of monopoly capitalism, he was also the living proof that, even in the very heart of imperialism, it was possible to resist and to stick to one's principles. Thirty years on, my friend Paul still symbolizes this unyielding spirit.

William Tabb:

I was sent to college with a subscription to MR and I am grateful to Paul Sweezy and the magazine for the better part of my education in world politics and economics, supplying me with information and analyses too rarely found elsewhere. As a political economist, I am indebted to *The Theory of Capitalist Development* which, after more than half a century, remains the best introduction to Marxism—with the notable advantage of opening one's mind to knowledge and stimulating ideas with elegance and lucidity.

I have also been privileged to see Paul in situations when, challenged by a particularly interesting question or debate, he extemporaneously responds with brilliant new insights and ideas, distinctively different from when he is called upon to go over ground he has plowed many times before. I recall, in particular, two occasions.

The first, which I attended as a young faculty member, was a debate between Paul and Abba Lerner, in a huge, packed audito-

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rium. Lerner was on the short list for a Nobel Prize in Economics, noted for having a sharp mind and being a keen polemicist. Active disagreements between the two went back to the late Thirties. This time, though, Lerner apparently sought a friendly reconciliation by avoiding the essence of their differences. Paul, on the other hand, thought that their differences were central to an understanding of the political economy of capitalism. Personal friendship was not going to stop Paul from clarifying and sharpening the contrast in their views. As the debate went on, Paul was incandescent as he wiped the floor with Lerner.

On another occasion, a friend of MR invited Paul to speak in Newark, New Jersey, and I was his driver. The audience was black and working class. It was incredible to see his intensity, the importance of what he had to say. He was charismatic, connecting with an immediacy one rarely sees between a speaker and an audience.

I celebrate these events especially on his 90th birthday because they say much about the fire, the strength of commitment, and the capacities that lie within this New England WASP. Being in and around MR over the years, I have had the pleasure of experiencing other "wow" moments as some point or another catches Paul's interest and his mind flashes in ways few of ours can. I also get to see him occasionally as a caring, warm fuzzy, which is not always so evident in his writing and formal public appearances.

Shigeto Tsuru:

Paul, in your "sacred decade of twenties" (Schumpeter's stock phrase), you were the kingpin in the Golden Era of the Harvard Economics Department in the 1930s. You digested the Keynesian Revolution of 1936 critically and made it an intermediate step toward formulating your own tools and method of analysis in the field of political economy, systematically embodied in your classical work *The Theory of Capitalist Development.*

You left Harvard in the early postwar years; and the loss for Harvard was a gain for the U.S. reading public in the form of access to the valiant publication of "an independent socialist magazine:" *Monthly Review.* It is impossible to write a history of journalism in the United States in the latter half of the twentieth century without mentioning the antidote effect of the lucid, penetrating analysis

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of contemporary events in MR. I believe that "to consider the problem of the present as a historical problem" (Georg Lukacs) has consistently been the singular strength of your writings.

Living in Japan normally, I have not had frequent enough occasions to be with you. But the most memorable was the meeting in the Three Crown restaurant in New York on June 17, 1957—the day the Supreme Court voted in your favor, as you invoked the First Amendment in your refusal to the questioning in the New Hampshire hearing. We celebrated with Rhine white wine, together with Leo Huberman—you remember!

The following tribute, from the President of Cuba's parliament, arrived too late for inclusion in alphabetical order.

—*Eds.*

Ricardo Alarcon:

When we first read *Cuba: Anatomy of a Revolution,* I could not anticipate that someday I would have the privilege of meeting its authors, Leo Huberman and Paul Sweezy, and establishing a relationship with them that would forever enrich my life. That book first came to us, young militants of a movement that was trying to consolidate itself and advance in a largely unknown world, and it revealed both the challenges that lay ahead and the solidarity and understanding that will always accompany an authentic revolution.

It is practically impossible to summarize in a few words how much I owe personally to Paul. His books are responsible, in large measure, for what I may have learned about capitalism and imperialism, and the lucid analysis of MR enlightened me and many others about the complexities of the struggle for socialism and freedom. From a third world perspective, Paul's theoretical contributions and the political commitment of his entire life are inseparable from our saga toward independence, justice, and development. I especially cherished our discussions about Marxism and socialism and, above all, the many hours we spent analyzing the Cuban Revolution, its problems, and its promise.

He is not responsible, of course, for my errors, neither of theory nor of practice. He always did his best, including the afternoon when he was so unsuccessful in trying to convert me into a tennis player.

Paul Sweezy's unique capacity for an honest, critical, and committed vision of socialism make him one of the most important and influential thinkers of the progressive movement, permitting him to become what Che considered the highest echelon of human life, a revolutionary—a consistent and unrepentant one. He is a kind of man that shall be needed forever and will shape the future.

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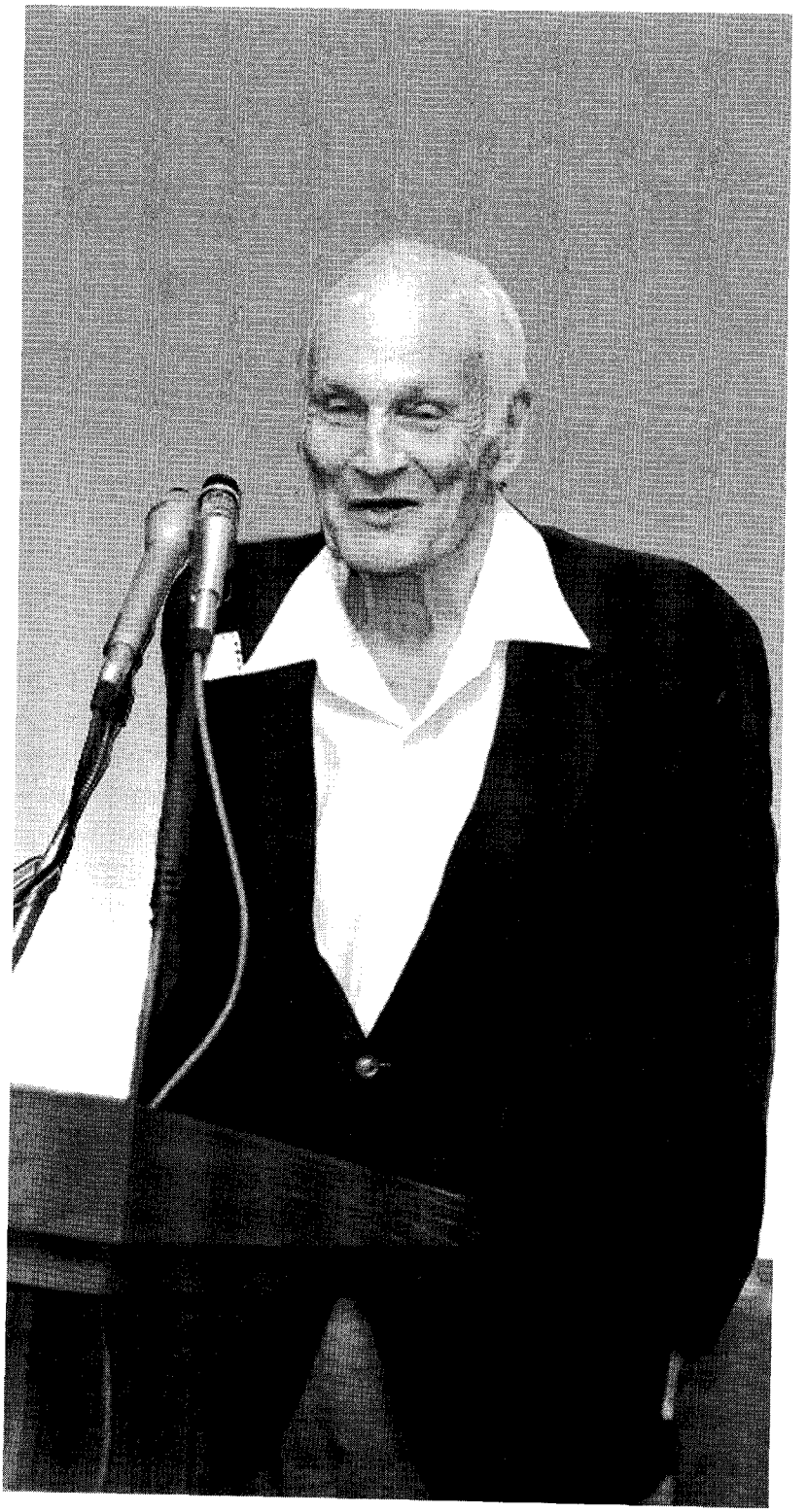

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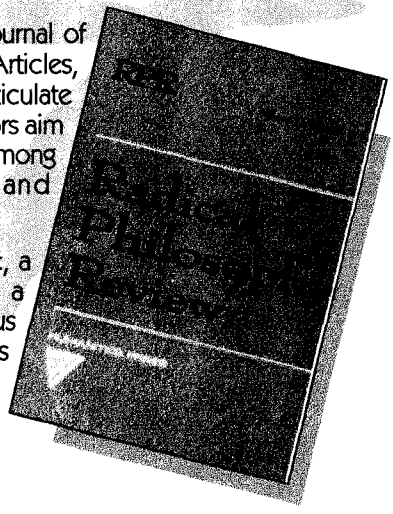

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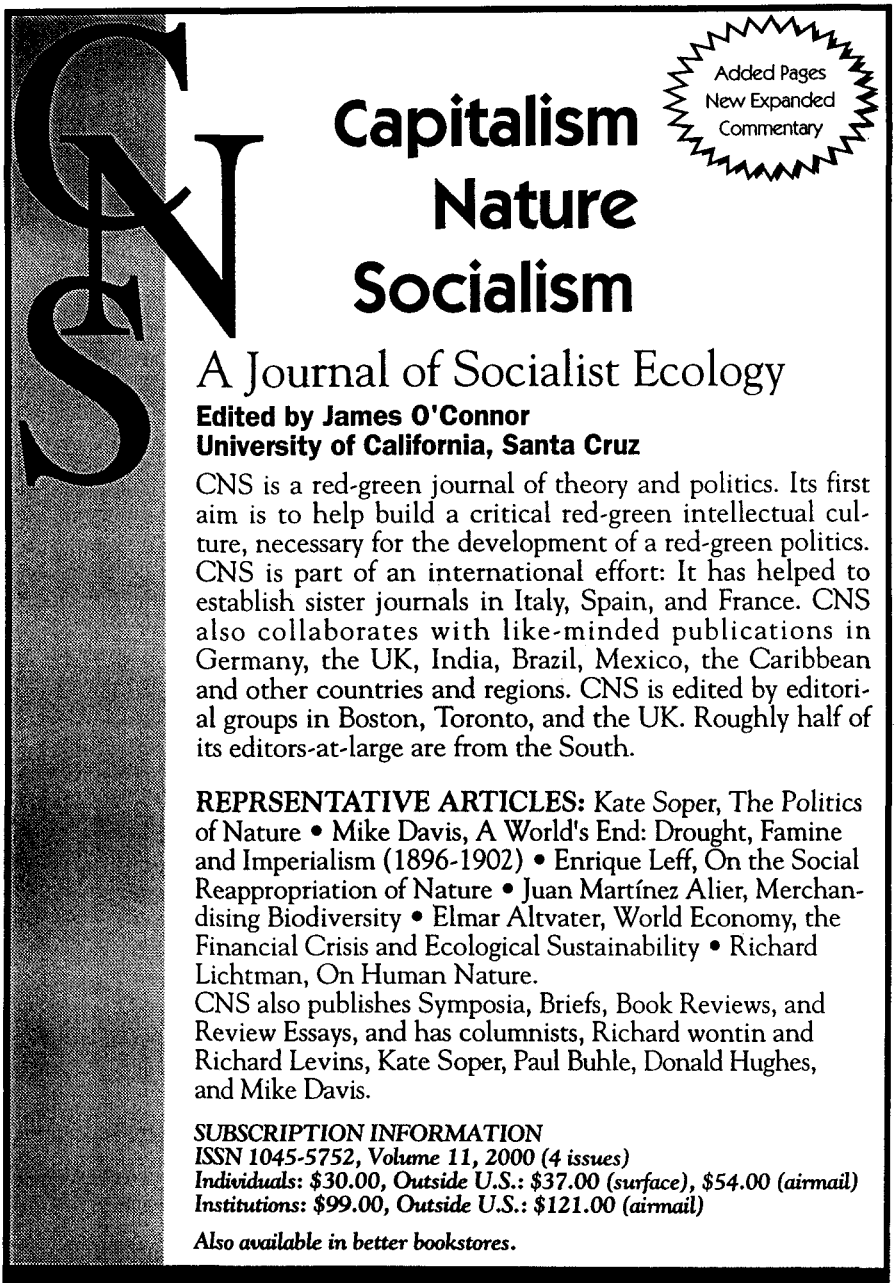

Capitalism Nature Socialism

A Journal of Socialist Ecology

Edited by James O'Connor
University of California, Santa Cruz

CNS is a red-green journal of theory and politics. Its first aim is to help build a critical red-green intellectual culture, necessary for the development of a red-green politics. CNS is part of an international effort: It has helped to establish sister journals in Italy, Spain, and France. CNS also collaborates with like-minded publications in Germany, the UK, India, Brazil, Mexico, the Caribbean and other countries and regions. CNS is edited by editorial groups in Boston, Toronto, and the UK. Roughly half of its editors-at-large are from the South.

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> The other way is to retreat (as was the case with the New Economic Policy under Lenin) but as an ostensible step toward a more efficient "socialist" economy. This is in fact to elevate profit-making to the guiding role in the economic process and to tell the workers to mind their own business, which is to work hard so that they can consume more. It is to recreate the conditions in which commodity fetishism flourishes along with its associated false and alienated consciousness. It is, I submit, the road back to class domination and ultimately the restoration of capitalism. (MR, vol. 22, no. 7—December 1970, p. 21)

Happy birthday, Paul!

—Harry Magdoff

Corrections:

We neglected to mention in our December 1999 issue that Frances Stonor Saunders' *Who Paid the Piper* (reviewed in that issue by James Petras) will be published this month by the New Press, New York.

On page 56 of our January 2000 issue, we misattributed a quote from the Ruckus Society's website to Henry David Thoreau. The quote actually came from a speech given by Mario Savio on the steps of Berkeley's Sproul Hall in 1964. (Thanks, James Roth!)

NLRB stands for the National Labor Relations Board, not National Labor Review Board, as stated on page 47 of our February 2000 issue. (Thanks, John Simon!)

On page 17 of our March 2000 issue, William Tabb refers to Kelly Quirke as "she." Quirke, however, is male. (Thanks, Doug Henwood!)

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(continued from inside front cover)

against the odds to make a living in the environment of great fear produced by the mania of anticommunism. Shortly before Paul's invitation, however, I managed to free myself from the chains of commerce; the opportunity opened up for independent study and writing to make up for the wasted years. My admiration of MR was enormous, but I was troubled by doubts about my own adequacy for the work and fearful of the frictions and tensions so common to partnerships.

I had seen too much storm and strife in political as well as business partnerships—tensions and splits not only over substantive matters, but also because of the clash of egos. I did overcome my reluctance, but suggested that, in view of Paul's status and co-founder, I be the junior rather than the co-editor. Paul would have nothing of that. Still, I made it clear that if ever he thought the arrangement was unsatisfactory, I would quietly withdraw. So much for talking about myself.

One of the great surprises was the harmony and mutual dependence in the editing of MR—a success I attribute to Paul's character. In the now thirty-two years of working together, not once did Paul utter a cross word or raise his voice in anger other than against the enemy. Such differences as we had over MR's content were quietly discussed and resolved harmoniously. What evolved was more a marriage than a "business" partnership. It was a marriage without any, and I stress *any*, fights of the sort that occur even in the best of marriages. As editors, we had to deal with major political and social developments—the Cultural Revolution in China and the ensuing turnaround, the breakup of the Soviet Union, the revolutionary wars of national liberation, strife on the left in Cambodia and Granada, the intifada in Israel's occupied territory, the spread of stagnation and the financial explosion in the rich capitalist countries. These and other developments often contributed to fierce debate and divisions on the left. But not at MR's quarters. Not that Paul and I always agreed, just that we worked out our position through discussion. In these conversations, Paul's contribution has been of major importance because of his ability to view developments in a broad theoretical perspective and to examine the present as history. Most important of all, his head and heart are completely focused on the evils of capitalism and the need for revolutionary change in class power for the sake of humanity.

I am not claiming that Paul is a saint. He is, after all, human and, like the rest of us, has imperfections. What I want to stress, though, is that, based on my experience and observation, he is an unusually kind, gentle, and altruistic individual, one who forsook the opportunities of fame and fortune to serve the cause of socialism.

We speak frequently on the phone and have traditionally met once a week for decision-making on the next issue of MR. But before getting down to business, so to speak, we usually chatted about what was going on in the world. Imagine the rewards of discussions with a man who had the breadth of vision to write in 1970 about the Soviet Union:

> What I wanted to emphasize was that when the bureaucratically administered economy runs into difficulties (as it certainly must), there are two politically opposite ways in which a solution can be sought. One is to weaken the bureaucracy, politicize the masses, and entrust increasing initiative and responsibility to the workers themselves. This is the road forward to socialist relations of production.

(continued on page 64)

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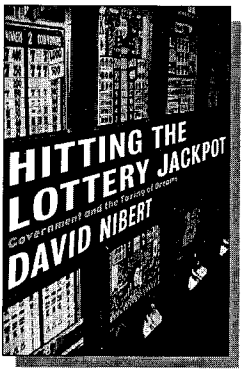
A LOTTO LOSERS



In a society like the United States where wealth is prized, laboring is devalued, and poverty is denigrated, it is not surprising that people with few resources invest much hope, and no small part of their meager resources, in lotteries.

HITTING THE LOTTERY JACKPOT

Government and the Taxing of Dreams

by DAVID NIBERT

» Lotteries are the most widespread form of gambling in the United States.

» The lottery industry is the only form of gambling that is a virtual government monopoly.

» Blacks outspend whites in purchasing lottery tickets by a ratio of 5:1.

» State lotteries have the worst odds of any common form of gambling.

Hitting the Lottery Jackpot is a timely critique of the economic and social costs of state reliance on lotteries to generate public revenues. David Nibert highlights the conflicting role of the state as gambling promoter, showing who really profits—advertising agencies, TV stations, and ticket vendors—and who loses: lower-income groups and people of color. He also explores the ideological dimensions of "get rich quick" media campaigns targeted to reach the many who would be better served by political action and solidarity.

Hitting the Lottery Jackpot makes a powerful case for seeing lotteries as a pernicious government tax - on the poor.

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